FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-94-148
Tuesday
2 August 1994

Daily Report
East Asia

FBIS-EAS-94-148 CONTENTS *2 August 1994*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

PRC, Vietnam Agree To Meet on Spratlys Dispute *[THE NATION 23 Jul]* 1
Singapore Minister Rejects Rights Links to Trade *[THE STRAITS TIMES 28 Jul]* 1

INTER-ASIAN AFFAIRS

Reportage on South Pacific Forum Continues 2
  'Spat' Erupts Over Taiwan *[Melbourne International]* 2
  New Caledonian Kanaks Seek Support *[AFP]* 2
  Tuvalu Premier Criticizes Australia *[Melbourne International]* 2

NORTHEAST ASIA

Japan

Reports on Collapse of U.S Procurement Talks 3
  MITI Criticizes U.S. Stance *[KYODO]* 3
  MITI Chief on Delay *[KYODO]* 3
  Takemura: Tokyo To Continue Accord *[KYODO]* 3
  Editorial Views Handling of Issue *[NIHON KEIZAI SHIMBUN 2 Aug]* 4
  Article Views Collapse of Talks *[MAINICHI SHIMBUN 2 Aug]* 4
Tokyo 'Criticizes' U.S. Antidumping Bill *[NIHON KEIZAI SHIMBUN 31 Jul]* 5
Takuma Adopts U.S. Emissions Technology *[NIHON KEIZAI SHIMBUN 20 Jul]* 5
Tamazawa Views DPRK Nuclear Issue *[YOMIURI SHIMBUN 1 Aug]* 6
Murayama Asks ROK To Free Japanese Prisoners *[KYODO]* 6
Murayama on Stand on Compensation to ROK Women *[ASAHI SHIMBUN 30 Jul]* 6
Tokyo, EU To Sign Standards Recognition Accord *[NIHON KEIZAI SHIMBUN 29 Jul]* 7
Tokyo Donates $15 Million to Gaza Strip Project *[KYODO]* 7
Reports on Government Assistance to Rwanda 7
  To Aid Additional Charity Groups *[KYODO]* 7
  To Provide Goods for Refugees *[KYODO]* 8
  Fact-Finding Mission Departs 2 Aug *[KYODO]* 8
Kono's Diplomacy at ASEAN Meetings Assessed *[ASAHI SHIMBUN 28 Jul]* 8
Editorial Views Tokyo's Role in Asian Security *[TOKYO SHIMBUN 29 Jul]* 9
Measures To Fight Currency Speculation Taken *[KYODO]* 10
Editorial Views Government White Paper on Economy *[SANKEI SHIMBUN 28 Jul]* 10
Follow-Up Survey on Deregulation Policy Announced *[SANKEI SHIMBUN 29 Jul]* 11
Revised Commercial Code To Take Effect 1 Oct *[KYODO]* 11
Chip Makers To Raise Semiconductor Export Prices *[NIHON KEIZAI SHIMBUN 1 Aug]* 11
Food Agency Closes Bidding for Imported Rice *[KYODO]* 12
Survey Shows Thai Rice Prices Continue To Fall *[KYODO]* 12
Liberalization of Rice Growing To Begin *[KYODO]* 12
Top Labor Leader May End Support for SDP *[KYODO]* 12
Sakigake's Role in New Government Discussed *[SHUKAN DAIYAMONDO 16 Jul]* 13
Assets of Cabinet Ministers Average 1 Billion Yen *[KYODO]* 16
Politicians' Challenge to Bureaucrats Urged *[SEKAI May]* 16
STA Begins Survey of Lake Baikal Deposits *[NIHON KEIZAI SHIMBUN 25 Jul]* 21
Japan Energy Group Faces Reduced Profits *[NIHON KEIZAI SHIMBUN 19 Jul]* 21

North Korea

- Kang Sok-chu-Led Delegation Leaves for Geneva *[Pyongyang Radio]* 23
- Criteria Defined for 'Fruitful' Geneva Talks *[KCNA]* 23
- CNN International News Delegation Arrives *[KCNA]* 23
  - Meets With Officials 31 Jul *[KCNA]* 24
  - Visits Statue of Kim Il-song *[KCNA]* 24
- Religionists Council Statement on ROK's Pak *[KCNA]* 24
- ROK Actions Against Pak Po-hui Denounced *[KCNA]* 24
- ROK Publication's Article on Kim Il-song Cited *[KCNA]* 25
- Kim Chong-il Poster Reported in ROK Subway *[KCNA]* 25
- ROK's SPB 'Fascist Barbarism' Criticized *[KCNA]* 25
- Notice in ROK Station Condemns Kim Yong-sam *[KCNA]* 26
- Paper on Kim Yong-sam's 'Fascist Offensive' *[KCNA]* 26
- Japanese-Based Korean Daily Views Kim Yong-sam *[KCNA]* 26
- ROK Headquarters for Pannational Rally Meets *[KCNA]* 27
- ROK's Chondaehyop Denies NSV Links Charges *[KCNA]* 27
- Resignation of ROK School President Demanded *[KCNA]* 27
- 'Suppression' of ROK Student Group Decried *[KCNA]* 27
- ROK's Council of Churches Declaration Viewed *[KCNA]* 28
- Labor, Management Conflicts in ROK Viewed *[KCNA]* 28
- Manila Suggests DPRK Inclusion in ARF *[KCNA]* 28
- Article Tracks Arms Trade, Drug Connections *[AERA 1 Aug]* 28
- Korean Schoolgirl Reportedly Attacked in Japan *[KCNA]* 31
- Chongnyon Standing Committee Member Departs *[KCNA]* 31
- Koreans in Japan Urge Independent Reunification *[KCNA]* 31
- Japanese Businessman on Impressions of Nation *[KCNA]* 31
- Soldiers Meet on PRC Liberation Army Founding *[KCNA]* 32
- PRC Military Attache Hosts Banquet, Speaks *[Pyongyang Radio]* 32
- O Chin-u Greetings to PRC Defense Minister *[KCNA]* 33
- Congratulations Sent to New Ukrainian President *[KCNA]* 33
- Congratulations Sent to New President of Belarus *[KCNA]* 33
- Kang Sends Greetings to Belarusian Premier *[Pyongyang Radio]* 33
- Greetings Sent to Hungarian Defense Minister *[KCNA]* 33
- Kim Chong-il Given Gift From Pakistani Premier *[KCNA]* 33
- German Party Leader Meets With Kim Yong-sun *[KCNA]* 33
  - Meets With Kim Yong-nam *[KCNA]* 34
- Greetings Sent to Swiss Confederation President *[KCNA]* 34
- Greetings Sent to Jamaican Prime Minister *[KCNA]* 34
- Pyongyang Sends Greetings to Beninese President *[KCNA]* 34
- Kim Chong-il Receives 'Solidarity Messages' *[KCNA]* 34
  - From Al-Qadhdhafi, Others *[KCNA]* 34
- Kim Chong-il Thanks Security Forces Soldiers *[KCNA]* 35
- Anniversary of Park Sponsored by Kim Chong-il *[KCNA]* 35
- 20 Years of Kim Chong-il's Chuche Slogan Viewed *[KCNA]* 35
- Kim Chong-il's Efforts for Reunification Cited *[Pyongyang Radio]* 36
- Kim Chong-il's Leadership for Unity Hailed *[Pyongyang Radio]* 37
- Kim Chong-il's Work To Develop Party Honored *[Pyongyang Radio]* 39
- Kim Chong-il Described as Brilliant Commander *[Pyongyang Radio]* 40
- Kim Chong-il Hailed for 'Our Own Socialism' *[Pyongyang Radio]* 41
- 'More Than 5 Billion' Mourned Kim's Death *[KCNA]* 43
  - Groups Praise 'Immortal Feats' *[KCNA]* 43
  - Foreign Papers Carry Biography *[KCNA]* 44
  - Norwegian, British Papers, etc. *[KCNA]* 44
- Published 'Famous Works' of Kim Il-song Viewed *[KCNA]* 44
- Name of Kim Il-song Honored in 'Many' Countries *[KCNA]* 44
- Kim Il-song Received 'More Than 70,000' Gifts *[KCNA]* 45
- Foreign Media Report on Kim Il-song's Works *[KCNA]* 45
- Awards, Medals Received by Kim Il-song Noted *[KCNA]* 45
- Jetro: 1993 Foreign Trade Reportedly Dropped *[KYODO]* 46

Output of Mass Consumption Goods 'on the Rise' *[KCNA]* 46
Commission Reports Increases in Agricultural Work *[KCNA]* 46

South Korea

U.S. To Urge DPRK Not To Reprocess Fuel Rods *[YONHAP]* 47
U.S. Trade Laws Seek Wider Car Market Opening *[YONHAP]* 47
  Seoul Not To Heed U.S. Request *[YONHAP]* 48
Hyundai Exports First All Local-Contents Car *[YONHAP]* 48
Drug Patents for Japanese Products Recognized *[YONHAP]* 48
Antidumping Duties Placed on Glass Fibers *[THE KOREA TIMES 2 Aug]* 49
Asia Comprises Half of Japan's Trade Surplus *[YONHAP]* 49
President To Speak on N-S Summit, DPRK Rights *[TONG-A ILBO 2 Aug]* 50
Amnesty International Urges Improved Human Rights *[YONHAP]* 50
Seoul Seeks UN Intervention on Kidnapping Case *[YONHAP]* 50
  ICRC Asked To Help Secure Release *[YONHAP]* 51
Kim Pyong-il Returns to Post in Helsinki *[Seoul Radio]* 51
Government To Send Relief Medicines to Rwanda *[YONHAP]* 51
Construction on 'Diplomatic Center' To Begin *[YONHAP]* 51
President Kim Yong-sam Takes One-Week Vacation *[YONHAP]* 52
Cabinet Inaugurates Arms Control Group 1 Aug *[HANGYORE SINMUN 2 Aug]* 52
Military To Focus on Personnel Specialization *[CHUNGANG ILBO 2 Aug]* 52
National Assembly By-Elections Begin 2 Aug *[YONHAP]* 52
  Voting Takes Place 'Smoothly' *[YONHAP]* 53
Ruling on Jurisdiction for Foreigners' Crimes *[YONHAP]* 53
Survey Shows Exporters' Profits Below Normal *[YONHAP]* 53
Use of Real-Name Accounts Examined After Year *[YONHAP]* 54
Government To Maintain Basic Land Tax System *[YONHAP]* 54
DLP To Legislate Basic Law To Meet WTO Structure *[YONHAP]* 54
Land Reclamation Project Proceeding as Planned *[YONHAP]* 55
University President Views Student Movement *[YONHAP]* 55
Typhoon Allows for Normal Rice Crop Yield *[YONHAP]* 55

SOUTHEAST ASIA

Cambodia

Indonesian General Meets With Ranariddh *[AKP]* 57
Foreign Companies Bid for Oil Refinery *[REAKSMEI KAMPUCHEA 29 Jul]* 57
Article Says Arms Aid 'Most Urgent' Issue *[REAKSMEI KAMPUCHEA 2 Aug]* 57
Military Situation in Preah Vihear Reported *[REAKSMEI KAMPUCHEA 31 Jul]* 58
Paper Reports Khmer Rouge Activities *[REAKSMEI KAMPUCHEA 30 Jul]* 58
Khmer Rouge on Gareth Evans, West *[Radio PGNUNS]* 59
'Cabinet' on Foreign Arms Aid, Immigration Bill *[Radio PGNUNS]* 60
House To Read Investigation, Immigration Bills *[Phnom Penh Radio]* 60
Economic Recovery 'Fragile but Encouraging' *[AFP]* 61

Indonesia

Minister: Invitation Open To Join Growth Area *[ANTARA]* 61
* Suharto Extends Assistance to Cambodia *[ANGKATAN BERSENJATA 21 Jun]* 62
Suharto Wants Common NAM Stance *[ANTARA]* 64
* Official Expresses Concern About 'Openness' *[ANGKATAN BERSENJATA 16 Jun]* 64
Naval Patrol With Malaysia, Sea Lanes Viewed *[SUARA PEMBARUAN 14 Jul]* 65
Diplomatic Ties Established With Tajikistan *[Jakarta Radio]* 66
Vice President Receives Australian Minister *[Jakarta Radio]* 66
* Military Exercises with Australia Announced *[ANGKATAN BERSENJATA 18 Jun]* 66
* Effect of Uruguay Round on Textile Industry *[ANGKATAN BERSENJATA 15 Jun]* 67
* More Oil Exploration in South Sumatra Reported *[KOMPAS 13 Jun]* 68
Suharto Supports Linking Trade and Environment *[KOMPAS 6 Jun]* 69
* Minister Concerned About Impact of Yen *[BISNIS INDONESIA 24 Jun]* 69

* Paper Supports Continued Use of Foreign Loans *[ANGKATAN BERSENJATA 10 Jun]* 69
* Suharto Emphasizes Importance of Constitution *[ANGKATAN BERSENJATA 21 Jun]* 70
JSEDC To Develop Industrial Zone *[MERDEKA 18 Jul]* 71
* Possible Bank Branches in 'Tax Haven' Countries *[BISNIS INDONESIA 24, 26, 27 Jun]* 71
* Bank Governor's View of Nonperforming Loans *[KOMPAS 20 Jun]* 73
* Plans To Computerize Stock Exchange Announced *[KOMPAS 22 Jun]* 74
Press To Continue 'Bolstering' Openness Process *[ANTARA]* 75

Laos

Defense Minister Greets PRC Counterpart *[Vientiane Radio]* 75
Inspection Board Returns From PRC Visit *[Vientiane Radio]* 75
Memorandum Signed with SRV Radio Group *[KPL]* 76
SRV Radio Group Calls on Thongsing Thammavong *[KPL]* 76
* Returnees Get Land, Funds, UNHCR Supervision *[NAEO NA PHU YING 26 May]* 76

Philippines

MNLF Commended on Rescue of U.S. Missionary *[Quezon City Radio]* 76
Ramos, Brunei Sultan To Discuss Trade Imbalance *[PNA]* 76
Relief Agency Reportedly Aiding Abu Sayyaf *[MANILA STANDARD 28 Jul]* 77
Abu Sayyaf Said To Continue To Hold Priest *[PHILIPPINE DAILY INQUIRER 28 Jul]* 78
Article Views Authority of MNLF Spokesman *[PHILIPPINE DAILY INQUIRER 28 Jul]* 79
Official Reports Budget Surplus *[PHILIPPINE DAILY INQUIRER 28 Jul]* 80
'Invisible Remittances' Grow 15 Percent *[BUSINESS WORLD 27 Jul]* 80

Thailand

U.S. Envoy Urged To Waive Immunity *[SIAM RAT 29 Jul]* 81
U.S.-Japan Conflicts May Benefit Thai Exports *[THE NATION 2 Aug]* 82
Technical Partnership With Japan Agreed Upon *[Bangkok Radio]* 82
Cambodia Urged To Investigate Alleged Plotters *[Bangkok Radio]* 82
Reportage on Khmer Rouge, Cambodia Issue 82
    KR Use of Thai Territory Denied *[Bangkok TV]* 82
    Chuan Cooperation Requested *[THE NATION 30 Jul]* 82
    Investment in Cambodia Affected *[THE NATION 1 Aug]* 83
Board Urges Ratification of Biological Treaty *[BANGKOK POST 1 Aug]* 84
Lao Official on Mekong Diversion Project *[THE NATION 2 Aug]* 84

Vietnam

Indonesian Parliament Delegation Visits *[VNA]* 85
Broadcasting Delegation Visits Laos *[VNA]* 85
Assembly Delegation Visits Argentina, Chile *[VNA]* 86
Paper Calls for Effective Piracy Measures *[QUAN DOI NHAN DAN 9 Jul]* 86
Police Officers Caught Trading Explosives *[Hanoi Radio]* 86
Prime Minister Urges Support for Coal Reform *[Hanoi Radio]* 87
North-South Power Grid Improves Production *[Hanoi Radio]* 87

AUSTRALASIA

Australia

Canberra Said Not Facing Responsibilites *[Melbourne International]* 88
Government Offers To Accept Haitian Refugees *[AFP]* 88
    More on Accepting Haitian Refugees *[Melbourne International]* 88

PRC, Vietnam Agree To Meet on Spratlys Dispute

BK2307095594 Bangkok THE NATION in English 23 Jul 94 pp A1, A4

[Text] Vietnam and China have agreed to work together to resolve their conflicting territorial claims in the South China Sea and a high-level Chinese delegation will visit Hanoi next month to discuss joint development of the area, senior officials of the two countries said yesterday.

China's Vice Foreign Minister Tang Jia Xuan will head the delegation to hold talks with his Vietnamese counterpart Vu Khoan, according to China's foreign affairs spokesman Shen Guofang.

He said China hopes the meeting will help speed up negotiations to explore ways and forms of joint development.

Agreement was reached on the basic principles concerning the border issue during bilateral talks between China's Foreign Minister Qian Qichen and his counterpart Nguyen Manh Cam yesterday.

"Positive progress has been made in the border negotiations between the two governments. This has laid a good foundation for proper settlement of border and territorial questions through peaceful negotiations between the two countries," Shen said.

Cam said after talking with Qian that the two countries has resolved to "exercise self-restraint and not do anything to make the situation deteriorate".

The talks took place amid heightened tension off the Vietnamese coast where Beijing last week said its ships had blockaded a Vietnamese rig to stop it drilling.

China called Hanoi's move to operate the drill in a block 400 km off Vietnam's southern coast a grave encroachment of China's sovereignty and an infringement of Beijing's maritime interests.

Cam and Qian are in Bangkok to attend the annual meeting of foreign ministers of ASEAN.

Cam said the subject of overlapping territorial claims arose in the context of a general discussion on how bilateral ties could be strengthened.

"We will work together to settle this matter to keep it in line with the growing friendship between our two countries in the interests of both sides and the whole region," Cam said.

Both foreign ministers gave general support to Indonesia's proposal for continuing workshops on the South China Sea. However, the Vietnamese minister said that Indonesia's push to formalize the workshops needed "further consideration".

Indonesian Foreign Minister Ali Alatas suggested yesterday that the workshops, until now attended only by officials in their private capacities, be put on a formal inter-governmental plane.

Alatas said that four earlier workshops had created "a more conducive climate" for resolving the overlapping sovereignty and jurisdictional claims.

"In view of these heartening developments, I believe that what is needed now is to maintain the momentum of the workshop process while encouraging governments to continue to exercise self-restraint and remain committed to dialogue and cooperation," he said.

Shen said that for the time being the two countries agree to "shelve" existing territorial disputes in favour of joint development in the disputed area.

The Spratlys are claimed in whole or part by China, Vietnam, Taiwan, Malaysia, Brunei and the Philippines.

Except for Brunei, all claimants have installed military garrisons somewhere on the island chain.

According to Shen, the Chinese military presence in the South China Sea is not a problem since the parties concerned have already agreed to go ahead with joint development.

Regarding China's position in its readiness to become more transparent in its military expenditure, Shen said countries in the world have not reached a consensus on this issue and that he believes it will be a gradual process.

Singapore Minister Rejects Rights Links to Trade

BK2907010694 Singapore THE STRAITS TIMES in English 28 Jul 94 p 13

[Excerpt] SINGAPORE'S Foreign Minister, Prof S. Jayakumar, yesterday said efforts by Western countries to link workers' rights and environmental issues to trade was unacceptable because it constituted a form of protectionism.

He said some of the issues which the West had been complaining about on wages and working conditions were "the elements which give competitive edge to developing countries".

He was responding to a question at a press conference of ASEAN foreign ministers and their dialogue partners at the end of the annual ASEAN meetings in Bangkok.

He said he hoped the United States and other Western countries would understand better ASEAN's position after this past week's meetings, during which ASEAN and its dialogue partners discussed the issues.

ASEAN foreign ministers, in their joint communique on Saturday, expressed serious concern that the linkage of worker rights, labour standards and environmental issues to trade could become a new pretext for protectionism.

They said the linkage could undermine the progress achieved so far in the liberalisation of world trade.

Labour issues, they added, should be discussed by such bodies as the International Labour Organisation (ILO). [passage omitted]

Reportage on South Pacific Forum Continues

'Spat' Erupts Over Taiwan

BK0208063794 Melbourne Radio Australia in English 0500 GMT 2 Aug 94

[Text] A diplomatic spat has erupted over the treatment of a Taiwanese delegation to the South Pacific Forum in Brisbane. Taiwan is a dialogue partner with four of the 15 Pacific island nations at the forum, which recognizes the Taipei government. [sentence as heard]

Last year the South Pacific Forum agreed that postforum talks with Taiwan would take place at the same venue as all the other meetings. Australia overruled the move because of its sensitive relationship with China. Nauru, the Solomon Islands, Tonga, and Tuvalu have now arranged for the Taiwanese delegation to rejoin the forum venue against the wishes of Australia.

New Caledonian Kanaks Seek Support

BK0208031194 Hong Kong AFP in English 0255 GMT 2 Aug 94

[Text] Brisbane, Australia, Aug 2 (AFP)—The Kanak political group in New Caledonia is seeking further support from the South Pacific Forum as the referendum on the French territory's future nears, its spokesman said Tuesday.

A delegation from the Kanak Socialist National Liberation Front (FLNKS) had more than two hours of talks over dinner Monday with forum leaders and delegation members, FLNKS spokesman Rock Wamytan said.

"The dinner went off well," he said.

The forum meeting winds up Tuesday with a communique.

The FLNKS team also met with Australian officials for about an hour Monday, Wamytan added, saying the team sought reassurances that the Kanak group was not being dropped.

"They reassured us that we were not in any way forgotten," he said.

The New Caledonia issue first surfaced on the forum agenda in 1981, and two years later the forum called for a precise independence time table.

The 1988 Matignon Accords on New Caledonia provide for a referendum on independence in 1998.

This year's forum has been dominated by resource management issues such as logging in Pacific islands' forests and getting a fair return from the region's fisheries.

The FLNKS delegation has been telling forum mediators that "You cannot let us drop now," Wamytan, FLNKS vice president said. "We want support and vigilance."

In a written statement issued here, the FLNKS asked that the 15- member Pacific body "renew its vigilance" on implementation of the Matignon accords

There was a "standstill" in the partnership arrangement made by the Matignon accords, the statement said, and blamed this on the other parties, France, and the RPCR [Rally for Caledonia in the Republic] party which opposes independence.

"We explained the situation in New Caledonia and talked a lot about the referendum" during the dinner, Wamytan said.

In its statement, the FLNKS requested that the forum "express its wish" that the 1998 referendum take place in accordance with UN principles and practise and in the presence of UN observers.

The front has been seeking observer status in the South Pacific Forum for the past five years. This status can be granted to territories which are on the verge of full independence.

Australian Prime Minister and forum host Paul Keating was not at the dinner, Wamytan said, but Gordon Bilney, the minister for Pacific Island affairs, attended.

The three-man FLNKS team's stay here got off to an unhappy start Sunday when they boycotted a reception for leaders and delegations because they had not been invited to the opening ceremony.

Keating, who is also forum spokesman, said Monday that they were not present because they were not forum members, but Wamytan said he was told by Australian officials that there was not enough space for them in the salon used for the ceremony.

Tuvalu Premier Criticizes Australia

BK0208064994 Melbourne Radio Australia in English 0500 GMT 2 Aug 94

[Text] The tiny Pacific island of Tuvalu has joined environmental groups in criticizing Australia for not doing enough to reduce greenhouse gas emissions. As Alexandra Kirk reports, Tuvalu has told the South Pacific Forum in Brisbane that global warming is becoming a nightmare for island people:

[Begin recording] [Kirk] Tuvalu, which is just 2 meters above sea level, is considered the Pacific's most vulnerable island to rising sea level. Prime Minister Kamuta Latasi says for the first time ever his island is being battered by tidal waves, and he warns that unless Australia does more to cut greenhouse gas emissions there will come a time when Tuvalu may have to move to Australia.

[Kamuta] You see what is going to happen to the population in this low-lying islands? Would they be able to accept us in one of the parts of Australia for us to settle there or what? We have to work from now, not to wait until that happened. [end recording]

Japan

Reports on Collapse of U.S Procurement Talks

MITI Criticizes U.S. Stance

OW0108143994 Tokyo KYODO in English 1427 GMT 1 Aug 94

[Text] Tokyo, Aug. 1 KYODO—Japan's Ministry of International Trade and Industry on Monday [MITI] dismissed the U.S. approach in bilateral trade talks over public-sector procurement as "an unfair application" of the idea of "numerical targets" to areas where institutional remedies alone are sought.

A senior MITI official said Washington has been unfairly applying the major issue under the framework trade talks of how to set objective criteria to the 1988 trade law that calls for institutional reforms if discriminatory practices are detected in public-sector procurement.

Title VII of the 1988 Omnibus Trade and Competitive Act is intended to address whether or not a particular country's trade practices have structural problems, said the official speaking on condition of anonymity.

"The law does not require setting of criteria to evaluate performance," he said.

Japan's market-opening proposals in government procurement are not those that would be subject to sanctions under the 1988 law, he said.

The official commented on the U.S. decision Sunday to name Japan as an unfair trade partner in government procurement of telecommunications and medical equipment following the collapse of high-level talks in Washington over the weekend.

Tokyo and Washington failed to bridge a gap over "objective criteria" as a way to evaluate the openness of Japan's public-sector procurement market.

A country's being designated as unfair in government procurement trade, made in line with a U.S. domestic law, would result in trade sanctions if no agreement is reached during a 60-day negotiating period.

MITI Chief on Delay

OW0208041594 Tokyo KYODO in English 0401 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—International Trade and Industry Minister [MITI] Ryutaro Hashimoto on Tuesday [2 August] called for the government to redouble efforts for an early settlement of the stalled trade "framework" talks with the United States.

Speaking at a press conference, Hashimoto said he is worried that the stalemate in the framework talks may block progress in other pending issues between Japan and the U.S.

Hashimoto was commenting on a briefing made by Foreign Minister Yohei Kono earlier in the day on the latest high-level talks with Washington, which ended without agreement at the weekend. Kono was quoted as telling the day's cabinet meeting that Tokyo and Washington were unable to bridge a gap over how to increase Japanese Government purchases of foreign-made telecommunications and medical equipment. Kono voiced concern over "further dragging" of the framework talks, Hashimoto said. "I share this concern with Kono," he added.

Hashimoto said he will make an official visit to a controversial war shrine on Aug. 15, the day Japan surrendered to the allies in 1945. "I have never given up visiting Yasukuni shrine in the past," Hashimoto said. "I will go and worship at the shrine this year too."

Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party, said previously he is opposed to his ministers visiting the shinto shrine where Japan's 2.6 million war dead are commemorated and leading war criminals are also enshrined. Most of Murayama's cabinet members are united in refraining from visiting the shrine this year.

Japanese prime ministers have been avoiding official visits to the shrine since August 1985, when then Prime Minister Yasuhiro Nakasone's visit caused diplomatic squabbles with China, North and South Korea, and other Asian countries that were victims of Japanese aggression during World War II.

Hashimoto said, "I will visit the shrine according to my sincere feeling." "I will not press others to visit or not to visit while I will not be influenced by opinions by third parties," said Hashimoto, a cabinet member from the Liberal Democratic Party.

Takemura: Tokyo To Continue Accord

OW0208032094 Tokyo KYODO in English 0314 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—Japan will continue pursuing an agreement under bilateral "framework" trade talks with the United States, Finance Minister Masayoshi Takemura said Tuesday, while voicing regret over U.S. action in initiating moves toward sanctions.

Japan will continue trying to settle the framework talks and to substantially narrow the gaps between the two sides for each individual negotiation sector, Takemura told reporters after a morning cabinet meeting. But the finance minister said he regrets the U.S. move in designating Japan as an unfair trade partner in public-sector procurement, with possible sanctions in two months if Japan fails to come up with measures that satisfy Washington. Takemura said the cabinet meeting did not discuss what measures Japan could take.

The U.S. moved toward sanctions after the collapse of subcabinet- level talks held over the weekend in Washington on Japanese Government procurement of telecommunications and medical equipment—one of the three priority areas in the framework talks.

Editorial Views Handling of Issue

OW0208100094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Aug 94 Morning Edition p 2

[Editorial: "Japan Urged To Put Forward Ideas on Reforming Itself, Not on Dealing With Trade Issue in Talks With the U.S."]

[Text] An abnormal and regrettable situation is developing in Japan-U.S. economic relations. Although the latest negotiations on government procurement have broken off, the two nations intend to continue holding talks. The issue is not the fact that negotiations were broken off, but a growing possibility that the United States may impose "trade sanctions" against Japan in all sectors subject to individual negotiations under the Japan-U.S. economic framework talks.

There is a feeling that some factors and confusions have combined to keep the negotiations from making the desired headway.

One such factor is the situation in the United States. The U.S. Administration has taken a hard-line trade stance on Japan out of consideration for the U.S. Congress and forthcoming mid-term elections. The U.S. Administration has got tough with Japan on trade issues for domestic political reasons. The way that the United States holds bilateral trade negotiations with Japan while hinting at possible trade sanctions against it runs counter to the spirit of GATT that upholds the principle of multilateralism and nondiscrimination. The adoption of objective criteria for trade results, on which the United States insists, may foster so-called managed trade.

Many other nations are, therefore, critical of the U.S. style of negotiating. Japan has tried to insist on the principle of free trade after concluding it has the theoretical backing of the international opinion.

The trade issue facing Japan is grave. Japan cannot resolve the trade issue by simply insisting on the principle of free trade. Japan's trade surplus with its all trading partners far exceeds $100 billion. Japan's trade issue is not confined to its trade imbalance with the United States.

The two aspects of balance and access are taken as important matters in resolving the trade issue. The reason is that resolving the access problem does not automatically lead to a solution of the trade imbalance problem. The trade imbalance and access are separate problems to some extent. Confusion of the two has unnecessarily intensified the confrontation between Japan and the United States. The task for Japan is to come to grips with the problems of the trade imbalance and access to maintain the free trade system. If Japan deals with the trade issue with the United States only to "avoid" facing trade sanctions from the latter, the two problems will not be resolved, thereby further aggravating the situation.

We feel that the U.S. negotiating stance certainly reflects the domestic situation in the United States. Japan should not insist on the principle simply because of the U.S. negotiating stance. Regardless of whether or not the United States slaps trade sanctions against Japan, what is important for the Japanese Government is whether it can relax bureaucratic regulations as it has publicly promised the Japanese people. The government should relax bureaucratic regulations as part of its task to "reform all of Japan."

If the government does not work on deregulation for the sake of Japan's interests as it addresses price differentials between Japan and other nations, it will not be able to come up with effective deregulatory measures.

If that happens, it is important that the government takes measures that produce intended results. Although the United States demands that Japan set numerical targets is absurd, Japan should devise a results-oriented and effective trade policy. This is the best way to secure Japan's interests.

It is said that the decision by the United States on taking punitive trade steps against Japan over government procurement hinges on the results of negotiations up to the end of September.

The end of September is the deadline the United States has given for naming Japan as a nation engaged in "unfair business practices" in accordance with the Super 301 provision of the Omnibus Trade Act.

The government should not spend the remaining two months unproductively only to end up "dealing with" the trade issue with United States and ignoring the need for reform at home.

Article Views Collapse of Talks

OW0208085994 Tokyo MAINICHI SHIMBUN in Japanese 2 Aug 94 Morning Edition p 9

[Article by Yoshiyuki Itsumi of the Economic News Department]

[Text] On 31 July the United States identified Japan as a country subject to sanctions in the telecommunications and medical equipment sectors under the Omnibus Trade Act's provisions on government procurement (Title VII). However, both countries reacted unemotionally, claiming "this is part of procedures under U.S. domestic law." This was probably to avoid overreaction in the foreign exchange market.

The 30 September deadline for imposing sanctions under Title VII coincides with the deadline for identifying countries and areas for imposing sanctions under the Super 301 provision (on sanctions against countries guilty of unfair trade practices) of the Omnibus Trade Act. Tension between the two countries is expected to surge again by the end of this month, just prior to the actual deadline.

According to a government source, U.S. economic sanctions are mainly "a tool for effecting an advantage in bilateral negotiations." In the negotiations on the construction sector, imposition of sanctions under Title VII was postponed twice after Japan was "identified" in April 1993. Subsequently, sanctions were suspended last January because improvements had been seen on the Japanese side. Therefore, in the present case, "identification" may not immediately lead to sanctions. However, negotiations are not only bogged down by contention on the issue of objective criteria; there has not been much progress in substantial discussions on procurement by the Nippon Telegraph and Telephone Corporation (NTT), in which the United States has shown great interest. The situation leaves no room for optimism.

On the other hand, the United States has set the end of September as the deadline for identifying sectors where sanctions are to be imposed under the Super 301 provision. A total of 43 items in seven sectors, including the three priority sectors in the Japan-U.S. economic framework talks, government procurement, insurance, and automobiles and auto parts, together with intellectual property rights, plate glass, and financial services, have been cited as possible candidates. On these issues, negotiations will be conducted for about one year after "identification," and if the results are not acceptable to the United States, sanctions will then be imposed.

It is believed that in view of the by-elections in November, the United States will adopt a tough attitude to try to force Japan to compromise. Of the three priority sectors, it is felt it will be difficult to reach agreement on automobiles and auto parts by the end of September. Japan is bound to be in a very difficult position in dealing with a United States brandishing its two "weapons."

For the above reason, both Japan and the United States agree that even if agreement cannot be reached in all the priority sectors in the framework talks, at least partial agreement will be necessary by the end of September. They are now in the process of exploring points of compromise.

Tokyo 'Criticizes' U.S. Antidumping Bill

OW0208103494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Jul 94 Morning Edition p 3

[Text] It has been disclosed that 21 countries and regions—including Japan, Europe, and Central and South America—have jointly sent a letter to the U.S. Government criticizing a bill currently being studied by Congress on enforcing the Uruguay Round agreement.

The letter says plans in the bill to toughen anti-dumping measures in order to prevent the bill from acquiring protective characteristics, "are against the Uruguay Round agreement."

It has become clear that the United States and other major countries are opposed to each other over new trade rules. It seems this difference of view will have an impact on the management of the World Trade Organization, which will be formed to replace the GATT.

The letter was sent in mid-July to U.S. envoy Gardner, who is stationed in Geneva. In addition to Japan, each member of the Association of Southeast Asian Nations (ASEAN), the ROK, Hong Kong, Finland, Norway, Brazil, and Mexico signed the letter.

U.S. Congress is promoting deliberations on the basis of an outline of the bill prepared by the U.S. Government.

The letter criticizes U.S. Congressional discussions, saying, "they go against the spirit of the Uruguay Round agreement."

By way of an example, the letter takes up a portion regarding anti-dumping measures and compensation duties and points out that "there is a possibility the bill may change the balance between the rights and obligations which were agreed at the Uruguay Round."

To prevent abuse of anti-dumping investigations and taxation, an anti-dumping accord reached at the Uruguay Round clarified standards and investigation procedures for determining anti-dumping acts.

However, the bill contains ambiguous expressions on the issue of anti-dumping taxation, which the Uruguay Round accord restricts to five years. In addition, the bill is also designed to approve the application of anti-dumping measures to exports without going through third nations. Such applications of the anti-dumping measures are not incorporated in the Uruguay Round agreement.

Prior to sending the letter, the European Union (EU) also expressed its concerns about the anti-dumping measures, in particular, as well as the future of deliberations on the bill. The United States will see the letter as tantamount to receiving a letter of no-confidence from its major trading partners on the implementation of the Uruguay Round agreement within the United States.

Should the United States approve the bill without changing its contents the WTO system will be launched with the United States and other countries at loggerheads. It seems the new organization will be forced to face operational difficulties right from the start.

Takuma Adopts U.S. Emissions Technology

942A0492A Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Jul 94 p 12

[Text] Takuma has introduced technology from the U.S. Institute of Gas Technology (IGT, Chicago) to reduce to less than half the nitrogen oxide (NOx) and carbon monoxide (CO) generated from furnaces during garbage incineration. It is a method whereby natural gas is mixed into the exhaust gas generated during incineration and reburned, and it can greatly reduce the amount of dioxine generated. The aim is to make use of this technology that will reduce harmful substances and expand receipt of orders for municipal garbage incinerators from local self-governing bodies that are concerned with environment problems.

"Natural gas reburn" technology has been introduced. It is a mechanism where natural gas is blown into the upper part of the furnace, mixed with the exhaust gas, and burned. It promotes complete burning of garbage by injection of natural gas, and also curbs the generation of dioxine caused by the incomplete burning of chlorine compounds in addition to CO. Moreover, methane, which is a component of natural gas, reacts with NOx and serves the role of reducing NOx.

In corroborative tests conducted in the United States by IGT, Takuma, and others, it was possible to reduce NOx 60 percent and CO 50 percent compared to existing incinerators. The simultaneous curbing of the production of NOx that is generated in excess oxygen and CO that is generated when there is little oxygen had been difficult with existing technology.

Municipal garbage incineration using this technology is also appropriate for garbage power-generation systems because the amount of energy generated is greater than using natural gas. Since it is sufficient to combine a facility to blow in natural gas with the existing incinerator, the investment burden is said to be not much different.

IGT is a research institute on various kinds of gas that is cooperating with Japanese firms such as Tokyo Gas and Osaka Gas, and has proceeded in research on natural gas reburn technology jointly with Takuma and others since 1986. Takuma will receive the grant of the technology after the goal of making it practical has been achieved, and the plan is to obtain an order for a corroborative furnace within the year and embark on testing.

Tamazawa Views DPRK Nuclear Issue

OW0208114094 Tokyo YOMIURI SHIMBUN in Japanese 1 Aug 94 Morning Edition p 3

[Text] Newly-appointed Director-General Tokuichiro Tamazawa of the Defense Agency [DA] was invited to a party celebrating his inauguration on 31 July in Miyako city, Iwate Prefecture, his local constituency.

At the party he touched on the subject of the DPRK's (North Korea) suspected development of nuclear arms, clearly stating his strong concern over the issue.

He said: "As North Korea, which is known as the last Stalinist state, is developing nuclear arms, including missiles, it should be a major cause of concern for us."

He said: "If there were a 'Second Korean War,' it would have a serious impact on Japan, depending on how we deal with the situation. We must, therefore, first try to wipe out all suspicion (of nuclear arms development) through thorough diplomatic efforts."

He also commented on the leadership of Secretary Kim Chong-il, successor to the late President Kim Il-song.

Director-General Tamazawa expressed his doubts about Secretary Kim's leadership abilities.

He said: "Following the death of President Kim Il-song, it seems that North Korea is taking similar measures to those taken in the former Soviet Union following Stalin's death and in China following Mao Zedong's death, and I don't think his successor will be able to maintain the system as it is now."

Murayama Asks ROK To Free Japanese Prisoners

OW0208095994 Tokyo KYODO in English 0925 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO—Prime Minister Tomiichi Murayama during his visit to Seoul last month urged the release of Korean political prisoners from Japan currently held in South Korean prisons, informed sources said Tuesday.

Murayama made the rare request during a breakfast meeting July 24 with South Korean President Kim Yong-sam, urging the release of the prisoners from a "human rights consideration," the sources said.

Murayama said he had a deep interest in the issue, adding some of the Koreans from Japan being held in South Korean prisons are reportedly in poor health or at an advanced age, they said.

Kim, inaugurated in 1992 as the first civilian president in South Korea in three decades, explained how the political prisoner situation has improved since he took office and said he would have authorities look into the matter, they said.

According to the Tokyo-based Korean Human Rights Foundation International Center, seven Korean residents of Japan are currently being held in South Korean prisons—all charged in the 1980s with being spies for North Korea.

The issue of South Korea's political prisoners had not been raised previously since it was considered interference in South Korea's internal affairs, Japanese Government sources said.

The Social Democratic Party, which traditionally has had close ties with North Korea, and other civic organizations asked the prime minister to raise the issue during his visit to Seoul last month.

Murayama on Stand on Compensation to ROK Women

OW3007141294 Tokyo ASAHI SHIMBUN in Japanese 30 Jul 94 Morning Edition p 3

[Text] Prime Minister Tomiichi Murayama granted an interview to South Korean reporters based in Japan at his official residence on 29 July. According to an explanation given by an official of the Ministry of Foreign Affairs, the prime minister, during this interview, commented on the issue of paying compensation to former comfort women in South Korea and other nations. He said: "The government has no plan to pay compensation to former comfort women on individual basis." In this way, Murayama reiterated his intention to follow the policy set by the previous administration.

Tokyo, EU To Sign Standards Recognition Accord

OW2907140894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Jul 94 Morning Edition p 5

[Text] The government has begun considering the possibility of concluding a treaty with the European Union (EU) on mutual recognition of standards and certification. Such a treaty will allow national government agencies to issue certification on export commodities' meeting the standards of the importing country when companies make exports, and such certification will be mutually recognized. On the part of exporters, procedures for undergoing certification of the importing country will be made much easier, and this will facilitate export businesses. For a start, Japan will consider signing a mutual-recognition agreement by 1996 for 13 items, including machinery and medical equipment, which have been suggested by the EU.

The system of standards and certification lays down the safety standards and specifications of products, and provides for methods to inspect and prove (certify) that products meet the required standards. Standards and procedures for inspection and certification usually differ from one country to another, and this has become a major trade barrier. International coordination on the standards and certification system has, therefore, become an issue. However, coordination and unification of systems takes time to accomplish. Thus, mutual recognition of certification results is adopted to simplify export procedures.

The immediate reason for Japan's decision to sign an agreement on standards and certification with the EU is the introduction of the "mandatory standards" system by the European Commission after the integration of the EU market. This system stipulates that products not meeting the standards set by the European Commission cannot be sold in the EU, while a "CE mark" will be affixed on products meeting such standards. It covers a total of 13 items, including toys, machinery, gas equipment, construction materials, and medical equipment.

Japanese companies exporting the above products also have to obtain certification from EU agencies on the standards of each product to get the CE mark. Therefore, as a first step, the government is considering a mutual recognition agreement on these products governed by mandatory standards. If the agreement is signed, Japanese companies will be able to obtain the CE mark domestically after undergoing certification by an agency authorized by the Japanese Government, and this will lessen administrative workload on the part of businesses.

Among the 13 items, machinery not meeting the mandatory standards cannot be sold from January 1997. Japan and EU are, therefore, working toward signing the agreement in 1996. An experts' meeting will be held as early as this autumn, and start intensive discussion on the issue. Since mutual recognition will contribute to improving the participation of foreign products in the Japanese market, the Ministries of International Trade and Industry and Foreign Affairs also intend to sign similar agreements with countries other than the EU.

Tokyo Donates $15 Million to Gaza Strip Project

OW0208060094 Tokyo KYODO in English 0530 GMT 2 Aug 94

[Text] Jerusalem, Aug. 2 KYODO—Japan has donated 15 million dollars through the United Nations to help the Palestinian interim self-government build homes for police and clean up waste in the Gaza Strip.

The contribution was formalized in a ceremony Monday attended by Palestine Liberation Organization (PLO) Chief Yasir 'Arafat, UN Development Program (UNDP) officials and Japanese Government representatives. Of the amount, 10 million dollars will be used to construct nine eight-story apartment buildings to house about 280 police families. Construction will start in September for completion within two years. The balance will go to a cleanup project. Gaza faces a serious housing shortage and garbage disposal problems.

The fate of the self-rule government in Gaza and another Israeli-occupied territory, Jerico, is expected to depend largely on how the peace process agreed to by Israel and PLO last May is translated into visible results on the ground.

Reports on Government Assistance to Rwanda

To Aid Additional Charity Groups

OW2907140494 Tokyo KYODO in English 1336 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The government decided Friday [29 July] to give each of four nongovernmental organizations (NGOs) 10 million yen to support their aid activities in Rwanda.

This brings to eight the number of international and domestic NGOs the government has helped since it announced Tuesday additional aid in support of the United Nations high commissioner for refugees and several other aid organizations.

The groups to benefit in the latest round of grants are an organization cooperating with Angolans to build wells in Tanzania and Rwanda, a group which has sent doctors to the Goma refugee camp in Zaire, a foundation building a food supply center in Tanzania, and the Tanzanian Red Cross.

On Tuesday, the government announced an outlay of 32.3 million dollars (about 3.2 billion yen), including financial assistance to two NGOs.

The government is also considering the dispatch of emergency supplies and personnel under a law covering contributions to U.N. peacekeeping operations, but because the political and military situations in Rwanda are uncertain, no quick decision is likely.

Instead, government sources said that for the time being, the government is opting to actively fund NGOs which are well informed about the situations in Rwanda.

In a related development, the Japanese Red Cross Society announced Friday it will provide 30 million yen for Rwandan refugees taking shelter in neighboring Zaire.

The society will purchase medicine with 13 million yen of the aid and airlift it to the border town of Goma in Zaire, while the balance will be sent there to buy vehicles and supplies, a society spokesman said.

It is also sending three nurses to a border camp in Tanzania on Aug. 16, he added.

To Provide Goods for Refugees

OW0208115194 Tokyo KYODO in English 1131 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO--Japan is ready to provide relief goods to Rwandan refugees under its U.N. Peacekeeping Cooperation Law, a Foreign Ministry spokesman said Tuesday.

Spokesman Terusuke Terada indicated Japan would send the aid to Rwanda's neighboring countries, which have absorbed Rwandan refugees fleeing from tribal fighting that has decimated the country.

Terada said neighboring nations have agreed to cooperate with the U.N. high commissioner for refugees (UNHCR) activities and the aid would be sent through the UNHCR, he said.

The Foreign Ministry is still considering whether it is possible to send medical personnel under the same law, he said.

The government will make its decision on the basis of a report by a government study group dispatched to Rwanda on Tuesday and set to return to Tokyo August 10, he said.

Japan plans to send water purification equipment, tents, medical supplies and food to the Entebbe area in neighboring Uganda, where it will be handed over to the UNHCR and distributed to Rwandan refugee camps in Zaire and Tanzania, ministry officials said.

The ministry is also considering sending doctors, nurses and food distribution personnel through its foreign assistance body, the Japan International Cooperation Association, they said.

Japan announced last week it will extend 32.3 million dollars in financial aid to help Rwandan refugees, in addition to 9 million dollars in emergency humanitarian assistance decided upon in June.

More than 1 million refugees, mostly from the Hutu ethnic group, are crammed into squalid camps near Goma, Zaire, just across the border from Rwanda.

Fact-Finding Mission Departs 2 Aug

OW0208041794 Tokyo KYODO in English 0349 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—A government mission left Tokyo for Rwanda on Tuesday to study ways on how Japan can contribute humanitarian assistance to the war-stricken nation.

The six-member team departed from Narita airport Tuesday morning and will arrive in Nairobi, Kenya, on Wednesday and visit a United Nations' Office for Emergency Measures for Rwanda, government officials said. The mission, made up of officials from the Foreign Ministry, the prime minister's office and a doctor, will meet with officials from the office of the United Nations High Commissioner for Refugees in Entebbe, Uganda.

After the meeting, the group will visit the Rwandan capital of Kigali and inspect refugee camps in the bordering countries of Zaire and Tanzania, the officials said. The team is scheduled to return to Japan on Aug. 10.

Japan announced last week it will extend 32.3 million dollars in financial aid to Rwanda to assist the refugees, in addition to the 9 million dollars it decided to grant in June in emergency humanitarian assistance. More than a million refugees, mostly from the Hutu ethnic group, are crammed into squalid camps near Goma, Zaire, just across the border from Rwanda. They fled their homes fearing reprisals from the Rwanda Patriotic Front, led by rebels of the Tutsi ethnic group, which last week defeated government troops. A growing number of the refugees have been killed by cholera, drawing international requests to give them humanitarian aid.

Kono's Diplomacy at ASEAN Meetings Assessed

OW3007013094 Tokyo ASAHI SHIMBUN in Japanese 28 Jul 94 Morning Edition p 2

[Article by Bangkok correspondent Kazuyuki Shimada]

[Text] Japanese Deputy Prime Minister and Foreign Minister Yohei Kono recently attended the first regional forum meeting and an expanded foreign ministerial meeting sponsored by the Association of Southeast Asian Nations (ASEAN). There, he gave three major speeches and had separate talks with foreign ministers of 15 countries. However, he failed to indicate Japan's long-term plans on how to deal with the situation whereby countries in the Asia- Pacific region are intensifying their precautions against Japan, because of its attempt to become deeply involved in political and security talks in the region, where unstable factors still linger even after the end of the Cold War.

Kono emphatically said that, under the government of Prime Minister Tomiichi Murayama, "Japan's foreign policy will continue to place emphasis on Asia." In the last 12 months, the Japanese political world has undergone a power shift, from a government led by the Liberal Democratic Party [LDP] to a non-LDP coalition government, to another non-LDP coalition, and to the present coalition government led mainly by the LDP and Social Democratic Party of Japan. Each government has advocated the "continuity of diplomacy." Nonetheless, Southeast Asian countries always view Japan "with expectation, and with suspicion and despair," (according to a Malaysian journalist). Why do such mixed feelings not vanish?

When working out policies toward each other, Japan and Southeast Asian countries have taken into account such matters as Japan's remorse over its wrongdoing during the Pacific war; precautions against Japan becoming a "military power"; the importance of bilateral relations as economic partners; and the United States' presence in Asia which is symbolized by the Japan-U.S. security pact. Also, it may be true that Japan's economic strength is responsible for the rise of a dictatorial government in some Asian countries. This and other factors—such as the suspected development of nuclear weapons by the DPRK (North Korea); the arms race in East Asian countries; and the instability of such countries as China and Vietnam which are trying to depart from socialism—have further complicated the situation.

Japan has worked out policies toward Southeast Asian countries within the framework of the United States' anti-Communist strategy. Its war reparations "scattering [baramaki] policy" in the post-war era is one of such policies. At a time when the United States was rapidly losing its influence in Southeast Asia after the end of the Vietnam war, Japan characterized itself as an "equal cooperator" with Asian countries (this expression was used in a speech by former Prime Minister Takeo Fukuda in Manila in August 1977) and began full-scale diplomacy toward Southeast Asian countries. However, many Asian countries did not accept Fukuda's speech at face value. This is obvious from the fact that, Japan's "perverted view of Asia" regarding them only as subject to economic activities and Asian countries' "perverted view of Japan," are still talked about.

Foreign Minister Kono repeated on various occasions that "Japan will not become a military power," which former prime ministers have also said repeatedly. Commenting on the overall meetings, Kono said: "I am now fully aware that each country is considering acting with Japan merely because they want economic cooperation."

Nevertheless, the trend is that the harder Japan tries to enhance its political role, the greater their anxiety about the possibility of Japan becoming a military power. If Japan hopes to strengthen relations with countries in the Asia-Pacific region not only in the economic arena but also in the political and security fields, it should first make efforts to completely remove Asian countries' suspicions.

Editorial Views Tokyo's Role in Asian Security

OW0208075694 Tokyo TOKYO SHIMBUN in Japanese 29 Jul 94 Morning Edition p 4

[Editorial: "What is the 'Japanese Role' in Asian Security?"]

[Text] The ASEAN regional forum to discuss security in the Asian and Pacific region has been inaugurated. At a time when there are outstanding conflicts over seabed resources, it comes as a timely and important step.

Reflecting the vitality of the regional economy in East Asia, important topics—such as preparations for expanding into a "10-nation ASEAN" which would include the three Indochinese states and Burma, and organizing the East Asian Economic Caucus (EAEC)—were on the agenda at this year's regular meeting of ASEAN. However, most interest was focused on the inaugural meeting of the "ASEAN Regional Forum" to discuss security in the Asian and Pacific region.

From a security point of view, a considerable number of factors of uncertainty have surfaced in the region following the decline in the U.S. military presence after the end of the East-West Cold War. Pirate ships of unknown nationality frequent the East China and South China Seas, threatening peace at sea. The conflict between China and Vietnam over sovereignty over the Nansha Islands and seabed resources has also been revived. Furthermore, there is also a marked strong tendency toward rearmament among countries in the region.

In such circumstances, the "ASEAN Regional Forum" was created to build confidence and preempt any crisis through multilateral dialogue. A total of 18 nations and groups, including the ASEAN member states, the United States, Canada, the ROK, Australia, New Zealand, the European Union (EU), Japan, observers Vietnam, Laos and Papua New Guinea, and guests China and Russia gathered for the initial meeting.

The term "Asian and Pacific region" embraces countries which are not only different in race, culture, language, and religion, but also have disparate histories of independence and are at various stages of economic development. This is a region embracing both similarities and diversities. For this reason, major and minor problems hidden behind the Cold War structure are prone to come to the surface.

In line with the wish of host country Thailand to avoid hasty conclusions, the meeting refrained from taking up concrete problems, such as territorial disputes or military threats. The participants reached agreement that a "multifaceted exchange of information and dialogue during peacetime is important." This was probably partly in consideration of the position of China, which carries much weight in the area of security. As a start, a sensible venue of discussion has been organized.

The inaugural meeting limited its discussions to "creating a security framework." Considering that 27 years ago, amid the Cold War, five anticommunist nations inaugurated ASEAN under the slogan of "promoting peace and stability in Asia," the fact that nations with different social systems are working hand-in-hand today reflects vividly the great historical change that has taken place.

At the enlarged ASEAN foreign ministerial conference, heated arguments were exchanged between the United States and ASEAN. The precipitous imposition of "human rights and democratization" may, on the contrary, harbor dangers that will shake the very foundations of Asian countries which are mostly multiracial. To maintain "regional peace and stability," and "Asian vitality," countries in the region need to consider each other's national circumstances, and exhaust discussions to reach a point of agreement.

While ASEAN plays the central security role in the Asian and Pacific region, the future of the region, undeniably, also depends on a balance between the United States, China, and Japan, and how other countries in the region interact with these three. In that sense, the United States, China, and Japan each need to clarify their respective roles.

Foreign Minister Yohei Kono proposed "greater transparency in armaments" at the enlarged foreign ministerial meeting, and offered official development assistance to needy countries. However, Japan's role should not stop there. Japan should be an effective spokesman for Asia in the group of advanced nations. Countries in the region pin their hopes on Japan in this respect.

Measures To Fight Currency Speculation Taken

OW0208050394 Tokyo KYODO in English 0447 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—A task force on economic matters of the ruling three-party coalition agreed Tuesday [2 August] on the need to tackle what it sees as increasingly speculative currency markets.

The task force, headed by Shigeru Goto, chief of the Social Democratic Party's Commerce Study Group, shared a common view that speculative forces have been overwhelming real demand in recent currency markets. The group also reconfirmed that the government should continue its efforts to reduce Japan's trade surplus, boost domestic demand and carry out deregulation. The country's unabated surplus is thought to be largely responsible for the yen's strength against the U.S. dollar. The group will meet in late August for continuous debate on foreign exchange rates.

Editorial Views Government White Paper on Economy

OW3007013294 Tokyo SANKEI SHIMBUN in Japanese 28 Jul 94 Morning Edition p 2

[Editorial: "Japan Should Promote Structural Reform Through Deregulation"]

[Text] "A Challenge to New Frontiers Beyond the Severe Adjustment Process." This is the subtitle of the government's annual economic report (white paper on the economy) for fiscal year 1994. The Japanese economy has finally begun to show signs of recovery from the current recession, which in terms of duration ranks second in postwar history. During the recession, the nation faces the difficult problem of implementing structural reform from short- and long-term viewpoints. It is having difficulty in promoting severe adjustments. The white paper terms the current downturn as a preparatory period for the next step. However, it fails to give a clear image of the new industries that can lead the economy and to indicate drastic economic recovery measures, though it suggests the need for technical innovation. In this regard, the paper reflects the current state of the economy, in which things cannot be done as was hoped.

The paper points out that the current economic downturn—the harshest in the postwar period—has been prolonged because of a delay in the stock adjustment for excess capacity and balance-sheet adjustment, which was caused by the bursting of the bubble economy. In the spring of 1993, the government announced the economy had almost hit bottom. The white paper blames the failure of that prediction on the "unpredictable exogenous factor" of the yen's sharp rise. However, this appears to be a mere excuse.

The prolonged recession has caused companies to implement business restructuring from short- and long-term perspectives, and consumers to increase preferences for cheaper products. Paying attention to these changes, the paper takes up such long-term tasks as: 1) Strengthening harmony between Japan and other countries (through narrowing price gaps between Japanese and overseas markets, and dealing with the hollowing out of the nation's industrial base); 2) reviewing conventional Japanese economic systems and styles (to deal with the aging society, globalization, and changes in sense of values); and 3) enhancing the growth potential and productivity of the Japanese economy.

The paper stresses that the promotion of deregulation and technical innovation is a decisive factor for accomplishing these tasks. Deregulation will have the effect of increasing business opportunities and introducing competition in low-productivity sectors, by which their efficiency will be developed. The white paper stresses that "no matter what the economic condition is, it is important to promote deregulation." Truly, action is what matters.

From the viewpoint of economic growth, it is necessary to create new industries which can lead the economy. However, in view of international cooperation, a competitive industry with which Japan can beat other countries will not be accepted by the international community. Also, now Japan has caught up with the United States and European countries, it is difficult to specify such new industries. Technical innovation now holds the key in deciding the nation's future course. The paper stresses that to promote technical innovation, it is imperative to invest in corporate research and development and in human resources, and that such investment will lead to the creation of new frontiers. This may be correct. However, it is regrettable that the paper fails to show specific measures to promote technical innovation, such as the reform of the educational system to nurture technical experts.

Follow-Up Survey on Deregulation Policy Announced

OW3007141094 Tokyo SANKEI SHIMBUN in Japanese 29 Jul 94 Morning Edition p 2

[Text] The Management and Coordination Agency [MCA] announced its plan on 28 July to carry out a survey to examine how the government's deregulation policy is being implemented. On 5 July the cabinet approved a 279-point package of deregulation measures, aimed at expansion of imports and domestic consumption. If the survey reveals flaws in policies of some agencies, the MCA will let them take corrective action.

The MCA said the survey is designed as a follow-up of the 279-point deregulation package, which includes such major policies as abolition of the oil import control law and broader introduction of international standards for farm products. The survey will also examine implementation of the Hosokawa administration's "emergency economic measures," a 94-point package which includes deregulation of beer brewing and taxi fare.

The MCA will survey all central government agencies, 19 prefectural governments, and some public organizations on how they are implementing the deregulation package, and the results are expected to be compiled before the end of the year. In particular, the MCA survey will focus on: 1) whether deregulation policies now being implemented are weakened by added conditions; and 2) whether passive manner of the administrative branch disturbs new businesses in the market. Depending on the survey results, the MCA will urge or request agencies concerned to take corrective actions.

Revised Commercial Code To Take Effect 1 Oct

OW0208032194 Tokyo KYODO in English 0311 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—The cabinet on Tuesday approved a government ordinance to implement the revised Commercial Code and Company Law on Oct. 1, which allow companies to acquire their own shares on certain conditions, officials said.

The revised code and law, approved at the last ordinary Diet session, allow companies to acquire their own shares on approval at a shareholders' meeting in cases where they sell the shares to an employees shareholders' group or they write off the shares.

The share purchase amount will be restricted to less than the company's profits available for dividend payment. Shares to be acquired for sale to an employee shareholders' group must be less than 3 percent of the total number of shares issued and the sale must be made within six months of acquisition.

Chip Makers To Raise Semiconductor Export Prices

OW0108141394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Aug 94 Morning Edition p 1

[Text] NEC Corporation is expected to start negotiations in September with major customers on increasing the export prices of semiconductors by about 4 percent. Toshiba Corporation has also disclosed a similar price hike plan. They intend to carry out the price hike in October. It is said their decision to raise prices is based on the judgment they will be able to maintain price competitiveness because heavy demand looks set to continue in the international semiconductor market. Other companies seem likely follow in the footsteps of major chip makers NEC and Toshiba.

NEC sets the prices of its semiconductors every three months. So it will be the chips set for export between October and December that will be subject to the price rise. Four-megabit (1 megabit is 1 million bits) DRAMs [dynamic random-access memory] (write-read memories that requires a battery backup to retain data) are NEC's main product. The chip is priced at $13 on the U.S. market. This represents an increase of more than $3 in last year.

At first there was some apprehension about the price hike because it would make the company's products less price competitive compared to those of South Korean makers, powerful rivals to Japanese companies in foreign markets.

Despite such apprehensions, though, NEC decided to raise prices because the demand-supply situation continues to be strained. In addition, a top NEC official said: "If we hold prices where they are now when the yen is appreciating against other currencies, we will be suspected of dumping our products overseas."

Toshiba, similarly, thinks that even under current exchange rates, it will inevitably have to raise prices in October.

Food Agency Closes Bidding for Imported Rice

OW0108121194 Tokyo KYODO in English 1135 GMT 1 Aug 94

[Text] Tokyo, Aug. 1 KYODO—The Food Agency on Monday closed tenders from wholesalers across the nation for imported rice held in stock, agency officials said.

On sale will be rice from Thailand, China, the United States and Australia imported on an emergency basis to make up for supply shortages caused by the worst postwar harvest last year.

The agency declined to disclose the lowest price for sale, but industry sources said it is believed to be 20 to 30 percent lower than that set by the government for sale to wholesalers because of slow demand for imported rice.

The agency offered Chinese rice for processing at 35 percent lower than the government-set price.

The agency said it will not sell rice at prices below the low end set for the bidding.

The outcome of the bidding will serve as a standard for imported rice prices to be put on sale in the future, it said.

Survey Shows Thai Rice Prices Continue To Fall

OW0108125794 Tokyo KYODO in English 1228 GMT 1 Aug 94

[Text] Tokyo, Aug. 1 KYODO—The prices of Thai rice are continuing to fall, reflecting its unpopularity among Japanese consumers, according to a rice price survey released Monday by the Economic Planning Agency.

The survey, conducted in early July, put the nationwide average price of Thai rice at 2,511 yen per 10 kilograms, down 5.4 percent from early June, and down 16.7 percent from March, when the fuss over the rice shortage was at its height.

The average price of blended imported and domestic rice was 5,170 yen per 10 kg, down 0.5 percent from early June, dropping for the first time since it was put on the market in March.

The price of rice imported from the United States slid 0.4 percent to 4,353 yen, while rice from China fell 0.6 percent to 4,068 yen. However, the price of Australian rice rose 0.6 percent to 4,192 yen.

Liberalization of Rice Growing To Begin

OW0208080994 Tokyo KYODO in English 0756 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—The Agriculture Ministry is moving to liberalize rice production and distribution through a revision of a 30-year-old law governing the agricultural industry, ministry officials said Tuesday.

The process will include abolishing the controversial food control law, enacted in 1942 to ensure stable rice supplies during World War II, the officials said.

The ministry plans to establish a comprehensive legal structure to manage agricultural production, they said.

The existing farm control law, known as the law for orientation of agriculture and enacted in 1961, has become obsolete, the officials said. The ministry plans to speed up a review of existing laws in order to put a new law in place by 1997, they said.

The new law will introduce market mechanisms in agriculture and promote deregulation, they said. It also is designed to encourage young farmers who will take over from their predecessors and to boost productivity, the officials said.

Under an agreement reached in the Uruguay Round of multinational trade negotiations concluded last year, Japan will partially open its rice market to imports, beginning next April.

Full-scale liberalization of the market is expected to follow five years later.

The farm ministry plans to submit an outline of agricultural reform and a bill for ratification of the Uruguay Round agreement to the next extraordinary Diet session this fall, the officials said.

Diet approval will pave the way for de facto liberalization of rice production and distribution, starting in 1995, they said.

Top Labor Leader May End Support for SDP

OW0208074294 Tokyo KYODO in English 0732 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 KYODO—Japan's top labor leader threatened Tuesday to stop supporting the Social Democratic Party (SDP) unless it sticks to its basic policy of uniting liberal forces, led by the SDP and the Democratic Socialist Party (DSP), into a group rivaling the conservative-dominated Liberal Democratic Party (LDP).

Akira Yamagishi, president of the largest trade union umbrella, the Japanese Trade Union Confederation (Rengo), said the SDP must "make it clear whether it will maintain its basic policy of gathering the SDP, the DSP and other liberal powers, or whether it will abandon the policy and search for cohabitation with the LDP."

Yamagishi made the remark at a regular convention of the Japan Federation of Telecommunications Electronic Information and Allied Workers, of which he is also chairman.

The SDP "must restore policy-based ties with the DSP," he said, referring to the SDP's recent alliance with the LDP that left the DSP and other former coalition partners in the opposition camp.

"Depending on the results (of the SDP's stance toward the DSP), we could reconsider our response to the SDP," he added.

Sakigake's Role in New Government Discussed

OW3107143494 Tokyo SHUKAN DAIYAMONDO in Japanese 16 Jul 94 pp 102-104

[Interview with Shusei Tanaka, deputy head of Sakigake (Harbinger Party), by SHUKAN DAIYAMONDO reporter Tetsuo Matsumuro; place, date not given]

[Text] [Matsumuro] After many twists and turns, a new coalition government was formed by the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and New Party Sakigake [Harbinger]. Is Sakigake 100-percent satisfied with this?

[Tanaka] Whether Sakigake welcomes the latest development or not is not the point. What is significant is that Japan's history has taken two or three big steps forward. We were finally able to realize something we have been looking for since last year.

[Matsumuro] In other words, Sakigake has waited calmly, without changing its attitude and its opinions. And now things have finally turned out as it wished.

The Murayama Government Marks a Bigger Turning Point in Japan's History Than the Hosokawa Government

[Tanaka] When we look back over the past year, we recall many political events which marked a turning point in Japan's history, starting with the birth of a non-LDP coalition government led by Morihiro Hosokawa in the summer of 1993. But, the formation of a new tripartite government led by SDPJ Chairman Tomiichi Murayama must be considered as the biggest turning point, because both the LDP and the SDPJ suffered mass revolt of their members. No other political events in the past year, including the inauguration of the Hosokawa government in the summer of 1993, had provoked rebellion of such magnitude within the LDP and the SDPJ. This consequence is highly significant.

[Matsumuro] The first act of the ongoing political realignment drama was marked by the formation of a non-LDP coalition government in the summer of 1993. Then came the second act. Now, do you think the third act has begun with the creation of an LDP-SDPJ-Sakigake government?

[Tanaka] The formation of a new tripartite government means more. It represents the final act of a political drama about the so-called 1955 structure. The 1955 political order is now really over. In fact, our goal was already reached last year when the Hosokawa government was formed, putting an end to the LDP's one-party rule. As we dashed vigorously into the goal, we could not stop running even after breaking the tape. Now, we have completely ceased moving, with the formation of the new tripartite government.

[Matsumuro] Does this mean the completion of political realignment?

[Tanaka] Reconciliation and cooperation between the United States and the former Soviet Union have marked the end of the Cold War. I was persuaded that the same thing would happen to Japan: The 1955 political order would definitely end when the LDP and the SDPJ joined hands. The end of the 1955 political structure is similar to the collapse of the Berlin Wall, thanks to which people are now able to go where they like. Although the new direction of Japanese politics is not fixed yet, the formation of an LDP-SDPJ-Sakigake government is an epochal turning point, because it is as if a clean lot with no buildings on it has emerged after a total destruction of the old edifice. In a certain sense, the Murayama government marks a bigger turning point in Japan's history than the Hosokawa government. It marks the real beginning of a full-scale realignment of political forces.

[Matsumuro] So you think the political situation will be stabilized for the time being, don't you?

[Tanaka] There is a great possibility that the Murayama administration will become a stable government that will last for a long time. If the ruling coalition were formed only by the LDP and the SDPJ, it would never work, because it would be reduced to a mere alliance of convenience. This is why the role to be played by Sakigake is extremely important. It holds a position of high responsibility in the ruling coalition.

[Matsumuro] This means that Sakigake has the casting vote in the ruling coalition.

[Tanaka] I don't like that kind of expression, because it implies the existence of a power game. Sakigake thinks it should act as a locomotive in the ruling coalition.

[Matsumuro] What exactly does "locomotive" mean? When and how do you think that Sakigake should act as a "locomotive"?

[Tanaka] Sakigake will show its ability to play the role of a locomotive when the three coalition partners discuss specific policy issues. There are many conflicting opinions within the LDP and the SDPJ. The question of whether or not to seek a permanent seat on the UN Security Council is a good example. Both the LDP and the SDPJ are divided over this issue. Both are unable to take action, because proponents and opponents are neutralizing each other. After all, many LDP and SDPJ members, who cannot abandon the 1955 political setup, still feel that they have been compelled to live together by force of circumstances, despite their policy difference.

[Matsumuro] You want to say that this is why Sakigake has an important role to play in the tripartite alliance.

[Tanaka] Yes, that's right. Neither the LDP nor the SDPJ can handle this issue alone, because of the neutralizing effect caused by differing opinions. If the new government remains incompetent, there is a great risk that everything might proceed under the initiative of the bureaucrats. Therefore, Sakigake should take the leadership in handling these kinds of knotty and difficult questions.

The Three Leaders Share the Same View That Japan Should Make Contributions for the Sake of Peaceful Coexistence for Mankind

[Matsumuro] Don't you think that many LDP and SDPJ members might be displeased to see Sakigake advancing its own proposals on knotty policy issues without hesitation?

[Tanaka] We don't mind even if we displease certain people in the ruling coalition. In the Japan New Party [JNP], there are also many members who share our view. Even in Shinseito, there should be some like-minded persons. To begin with, Sakigake, the JNP, and Shinseito were not formed based on political ideologies. All three parties are products of LDP intraparty factions. In other words, we can easily find like-minded persons elsewhere.

[Matsumuro] Do you mean that the battle between the ruling tripartite coalition and the eight-party opposition to win over lawmakers of the opposing camp will continue?

[Tanaka] Yes, the battle is certain to continue. There are so many issues, including the question of Japan's bid for a permanent seat on the UN Security Council, for which each lawmaker will have to clarify his attitude one by one. So, both the LDP and the SDPJ will certainly suffer further defections.

[Matsumuro] Conversely, some JNP and Shinseito members may join the ruling tripartite coalition. The transfer of lawmakers between the two camps is likely to continue for a while, isn't it?

[Tanaka] I think this tendency will help accelerate political realignment. Political realignment in the true sense of the word will finally begin from now, as a result of an alliance between the LDP and the SDPJ. This is why the formation of the new tripartite government has great significance.

[Matsumuro] You said that the Murayama government will become stable and last long. However, as you know, the public does not entirely share your opinion.

[Tanaka] The new government has a firm prop: the "dovish triangle" formed by Tomiichi Murayama, Yohei Kono, and Masayoshi Takemura. This is something really wonderful.

[Matsumuro] Do you mean that such a prop did not exist under the Hosokawa government?

[Tanaka] I mean that these three leaders share the same basic ideology. This is why the tripartite alliance can become the center of political realignment. I wrote an article entitled "Extraordinary Government and Ordinary Government," for SHUKAN DAIYAMONDO, some time ago. The Hosokawa administration was evidently an "extraordinary government," because it was entrusted with the sole mission of implementing political reform. Meanwhile, in spite of the fact that it is also a coalition government, the Murayama administration is extremely close to an ordinary government, because the top leaders share the same basic ideology. When they deal with international and domestic issues, they are able to overcome obstacles, because they share the same standard of judgment. That is the strong point of the Murayama government.

[Matsumuro] What is the basic ideology shared by the three leaders? Does this refer to the fact that the three leaders are all dovish, liberal-minded, antinationalistic, and neutralist?

[Tanaka] The Murayama administration is in accord with my concept of politics that value the people's rights, as opposed to politics by the bureaucracy and for the bureaucracy. But, we are simply calling the new government a "dovish government" because this expression is most easy to understand.

[Matsumuro] But, don't you think that these kinds of words are rather unclear?

[Tanaka] An agreement was reached between the three coalition parties, after the SDPJ's policy platform was approved by the LDP and Sakigake. I prepared the text of the new accord, and I used the expression "contributions for the sake of peaceful coexistence for mankind" in it. These words mean nonmilitary contributions. For instance, when people want to stress the need for Japan to participate in the UN peacekeeping operations, they often use the following example to support their case: They say that, when a fire breaks out in a small village, all the villagers hasten to the scene to help get the fire under control. However, rushing to the scene is not the only way to contribute to fire-fighting. When there is a risk of flying sparks starting another fire, it is also important to take necessary actions to prevent it. Making nonmilitary contribution is equivalent to making efforts to remove factors that might start another fire. The text of the new tripartite accord clearly states that the new ruling coalition will make utmost efforts for the sake of peaceful coexistence for mankind. This is the most important position taken by the new government.

[Matsumuro] Sorry to go back to the previous subject, but I still do not understand clearly the influence of the three leaders sharing a common ideology. They may share the same ideology, but this will not discourage some LDP and SDPJ members from seceding from their party in the future. Moreover, there are still strong concerns about the difference in views between the LDP and the SDPJ over key policy issues. It is still not very clear to me how the three leaders sharing the same ideology will affect such questions as Japan's bid for a permanent seat on the UN Security Council, or the North Korean issue.

[Tanaka] The new government will certainly face difficulties when it has to deal with specific issues. For instance, if the United Nations decides to ask Japan to participate intensively in its peacekeeping operations, Japan will be placed in a difficult situation. However, there will be no problem as long as the three leaders maintain their firm stance. I also share their view. I persisted that the most important cabinet posts must be held by the three leaders, because they share the same basic ideology.

Joining Hands With the LDP Is One of the Inevitabilities of History

[Matsumuro] I believe the three leaders talked out different matters with one another before they came to share a common ideology. When did the three parties begin to hold discussions with one another? And how did these discussions lead to a policy agreement?

[Tanaka] On 22 June, the SDPJ unveiled its policy platform for a possible realliance with the then ruling coalition led by Shinseito and Komeito. The SDPJ policy platform called for the formation of a new government. This meant that the SDPJ wanted the resignation of the Hata cabinet. When we saw that the SDPJ was eager to form a new government, we decided to present a four-point proposal in response to the SDPJ policy platform.

[Matsumuro] What was the content of Sakigake's four-point proposal?

[Tanaka] First, we proposed the formation of a new coalition government led by a socialist Prime Minister, on the condition that the SDPJ would definitely assume all the responsibility concerning how to form and how to run the new government. Second, we proposed taking a cautious attitude toward the question of Japan's bid for a permanent seat on the UN Security Council. Third, we proposed carrying out administrative reform first before implementing a comprehensive tax reform. Fourth, we proposed calling on everyone to join us in forming a new coalition government.

We added that we would participate in the formation of a new government if other parties accept our four-point proposal.

[Matsumuro] Despite these efforts, both the SDPJ and Sakigake have failed to return to the previous coalition led by Shinseito and Komeito.

[Tanaka] But all the conditions were consequently satisfied. Therefore, Sakigake and the SDPJ began to map out the policy agreement. This agreement is the foundation of the agreement between the three parties.

[Matsumuro] In other words, everything began when a policy agreement was reached between Sakigake and the SDPJ. The LDP had just to accept it.

[Tanaka] Yes, that's right.

[Matsumuro] Did you have a thorough discussion with the SDPJ?

[Tanaka] Before Prime Minister Tomiichi Murayama held his first news conference, I advised that the new Prime Minister would be persecuted with captious questions. So, Mr. Murayama asked me what kind of questions he would have to answer. I cited such problems as the controversial issue on whether or not school students should sing the national anthem before the national flag during entrance and graduation ceremonies; the question of whether or not to recognize the constitutionality of the Self-Defense Forces; and the question of whether or not to recognize the construction of new nuclear plants. I also added that the new prime minister might be questioned about his view of Japan's wartime history, and about the SDPJ's traditional policy.

In general, personal feelings are considerably implicated in these kinds of issues. For instance, many people dislike the national anthem, because it is in effect a song in praise of the imperial reign. They cannot easily come to like the national anthem, even if we ask them to do so. Mr. Murayama also said to me, "The melody of the national anthem is fine, but the words are no good."

[Matsumuro] So, you could even enter into his personal feelings.

[Tanaka] Yes, because I met with him almost every day. Mr. Murayama always takes things very seriously, and his thoughts always come naturally. He is absolutely not the kind of person who tries to show off, or who tries to save appearances.

[Matsumuro] How will the three coalition partners run the new government from now on?

[Tanaka] A decisionmaking apparatus will be decided on 4 July. The three coalition partners have credit with one another. They are in full harmony. There is no acrimonious dispute at all. The LDP is still changing. The best staff was also selected for the Cabinet Secretariat. Kozo Igarashi of the SDPJ was appointed chief cabinet secretary, while Hiroyuki Sonoda of Sakigake was chosen as parliamentary deputy chief cabinet secretary. Among the members of the three parties, Igarashi and Sonoda are the most capable men suited for these posts. We have the best lineup.

[Matsumuro] As you said, it seems that the new government will considerably try to defy politics led by the bureaucracy.

[Tanaka] Yes, but we are not necessarily aiming at struggling against the bureaucracy.

[Matsumuro] How will the new government tackle the pile of knotty issues. What kind of economic measures will it take to stimulate the economy?

[Tanaka] Under the 1955 political setup, the LDP was most skillful in working out economic-stimulus packages. What is needed now is to help develop the basic strength of Japanese industry so that it can overcome the pain to be caused by deregulation and structural reform. I believe the LDP's know-how will be very useful in this field. I think the new ruling coalition will have less difficulty than the previous government in implementing deregulation and structural reform. I am sure that the new government will produce good results.

[Matsumuro] How soon will the Diet approve a redistricting plan in order to put the new single-seat electoral system into effect?

[Tanaka] I do not think we have to pass a redistricting bill as quickly as possible, because there is no need to call an early election. We should rather implement a good redistricting plan without haste, spend sufficient time in making the new electoral system known to everyone without exception, and show the new direction of political realignment. We should reach these goals first before calling a general election. The longer the dissolution of the lower house for a general election is held off, the more it will have significance. On several occasions, I have discussed with Mr. Murayama and Mr. Takemura about the next general election, and we have agreed that it should be held under the new single-seat electoral system.

[Matsumuro] It seems that many problems will be solved under the new government.

[Tanaka] As I said, many issues will be settled more easily under a government that includes both the LDP and the SDPJ, but the SDPJ will have to go through many severe trials, including implementation of administrative reform. Therefore, I think the new government must really work very hard so that the SDPJ's labors are remunerated.

[Matsumuro] I agree with you.

[Tanaka] If the new government fails to deal with specific policy issues, a full-scale realignment of political forces will never be achieved. It is no longer a question of being pro-Ozawa or anti-Ozawa. Since the birth of the Hosokawa administration, many political parties, as well as many people, have been influenced by an anti-LDP sentiment, by a strong sense of disappointment in the LDP, or by a hostile feeling against the LDP. Under such circumstances, forming an alliance with the LDP might be an adventurous attempt, but after all, it is one of the inevitabilities of history. I am sure that people will understand this in about one or two months.

[Matsumuro] The new government seems to be so busy it has no time to care about the criticism that the new ruling coalition is a marriage of convenience among self-interested parties.

[Tanaka] Some Sakigake members are nervous about such criticism. As for me, I rather welcome criticism, because the more we are made a focus of criticism, the more we get serious. Sakigake is holding a position of high responsibility in the ruling coalition.

Assets of Cabinet Ministers Average 1 Billion Yen

OW0208082994 Tokyo KYODO in English 0809 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO—The amount of assets owned by Prime Minister Tomiichi Murayama and his 20 cabinet ministers averaged 1 billion yen, according to the ministers' asset reports revealed Tuesday.

The figures, calculated by KYODO NEWS SERVICE based on the reports, include assets owned by the ministers and their family members as of June 30, and were converted to the assets' current prices.

The average amount of 1 billion yen marks a sharp increase from the average of 720 million yen of assets owned by cabinet ministers under Murayama's predecessor Tsutomu Hata, whose cabinet resigned en masse in late June.

Among Murayama's ministers, Deputy Prime Minister and Foreign Minister Yohei Kono has the largest assets at 8.76 billion yen, followed by 5.03 billion yen for National Land Agency chief Kiyoshi Ozawa and 1.5 billion yen for Science and Technology Agency head Makiko Tanaka.

Kono has real estate worth 8.41 billion yen and Ozawa worth 4.74 billion yen.

Of the three richest ministers, Kono heads the Liberal Democratic Party (LDP), the main component of Murayama's three-party coalition government, and the remaining two are also members of the LDP.

The amount of assets increased from that of the Hata administration mainly because the LDP, which gave up its 38-year grip on power last August, came back to power in late June by allying with the Social Democratic Party (SDP) which Murayama heads.

Murayama was 13th among the 21 ministers with assets worth 310 million yen.

Finance Minister Masayoshi Takemura, chief of New Party Sakigake, the third member of the trilateral coalition government, was ninth with 410 million yen.

The amount of ministers' assets, excluding family assets, totaled 19.31 billion yen, about 40 percent more than those of the Hata administration.

Politicians' Challenge to Bureaucrats Urged

942B0092A Tokyo SEKAI in Japanese May 94 pp 30-37

[Article by Muneyuki Shindo, Rikkyo University professor: "Administrative Reform as Touchstone"]

[Excerpts] [Passage omitted] **Political Challenge to Bureaucratic System**

Decentralization of power has been commonly advocated by the political parties of the coalition regime. Although the Japanese administrative system with highly centralized power has been contributing to modernization since the Meiji period [1868-1911], it is said today that not only can they not respond flexibly to fluctuations in international society, but they cannot also deal with the diversity of regional society at home. Moreover, the system of highly centralized power is considered to have been the incubator for the Kanemaru scandal of illegal accumulation of wealth and general contractor graft, and from the viewpoint of so-called political reform, it is considered necessary to raise the political and administrative position of local governments. Thus, it seemed for a time that even the thesis for a model of the "basic law on decentralization of power" had been prepared. However, the political "challenge" for decentralization of power seems to have totally receded.

In that sense, this may be a natural course of events. The promotion of decentralization of power, in other words, the breakup of the system of centralized power, is synonymous with the political challenge to the bureaucratic system, and, so long as they do not begin a reform of the system and practices that have been formed with the bureaucratic system as the apex, it will be a political task that cannot be achieved. Of course, there probably is the opinion that it will be difficult to expect a total challenge from a regime of only eight months. However, backed by the support of the people for the coalition regime and criticism of general contractor graft, they could open a route to drastic reform of the designated competitive bidding system and a basic review of the distribution of public works expenditures or abolition of agency-commissioned business. Actually, it should not be idle talk since the opening of the rice market was carried out based on high support for the regime, which would have collapsed a cabinet if it were the Liberal Democratic Party [LDP] era.

It is probably that contrary to its grand or dreaded national vision, there is a group, at the center of the coalition, not being able to extricate itself of parasitic thoughts from the bureaucratic system rather than to challenge it. However, it has brought a deep morbidity to Japanese society beyond political scandals as a result.

The public works of the "triumvirate," the Ministries of Construction, Ministry of Agriculture, Forestry, and Fisheries, and Ministry of Transport were respectively allocated 68.6, 21.5, and 6.2 percent of public works expenditures in the fiscal 1993 budget. In this fiscal budget, they are 68.4, 20.8, and 6.8 percent respectively, a situation far distant from a budget compiled to emphasize lifestyle, which was considered urgent. The public works allocation that has been fixed over the past 10 years is considered an abuse by the long-lasting LDP administration. Certainly, there is the aspect that zoku Diet members within the LDP obstructed changes in public works expenditures with a close adherence to vested political interests. Now that the LDP administration has collapsed, we cannot blame they exercise influence on the fixing of shares. Nor can we assume the vested political interests in public works have shifted entirely to Shinseito [Japan Renewal Party].

Rather, we should view that in order to maintain the connection between the bureaucratic system and industry that has been formed in various fields, a fixed amount of public works projects, whether urgent or not, is considered necessary, and to maintain that, it has become built into the bureaucratic mechanism. It is not that the Ministry of Finance [MOF] retired bureaucrats; moreover, 45 come from the MOF, 19 from the Ministry of International Trade and Industry, and 13 from the Ministry of Construction. Furthermore, the institutions into which these fiscal investment and loan funds flow establish stock corporations or certified corporations that should be called a kind of "subsidiary." Retired bureaucrats also frequently go there. As partly revealed in my book *Administrative Guidance* (Iwanami Shinsho), the full-time officers of industrial groups of Japan's major industries, not to mention officers from related commercial firms, are retired bureaucrats from government agencies that are generally closely connected to the industry. The expansion of public works is greatly chorused, but based on the current system, there is no other way for local governments to carry out projects except under the firm binding of licensing and permits not only in project planning and revenue sources but even construction methods as well. Criticism has arisen about the increase in governors coming from the bureaucracy, but that is because public works projects are not unrelated to administrative regulation with centralized power.

Thus, the structure in which the government and private sectors lean on each other has spread deep roots, and the influence of the bureaucratic system has permeated every corner of the economy, not to mention politics. Huge conglomerates have been created with the bureaucratic system as their support. Generally, civil servants who consider that they have only one occupation are called "lifetime employment" civil servants. That means that they are hired on the basis of set qualifications and are promoted according to their record of service until retirement; at the same time, it is guaranteed that their position will not be threatened by party politics. However, Japanese bureaucrats do not stop at "lifetime employment" in such a learned sense, and it is truly "lifetime employment" in the popular sense. The status of the place that will offer them a post-retirement job differs according to the position in their present job, and they end their career within the community cultivated between government officials and industry. Moreover, while the existence of businesses are being protected by the bureaucratic system, they are carrying out personnel dismissals that form "restructuring." Far from equal results, even equal opportunity is lost, and social regulations to achieve a fair society do not seem to be taken into consideration.

As many advocates point out, this solid structure must be drastically reformed to break the impasse in the deadlocked Japanese economy. Government must start work on opening up a hole in this hard bedrock. There are differences in thinking about the ways and means, but unless drastic measures to correct the "lifetime employment bureaucratic system" are taken, all the preachings on the demonstration of leadership for international society and transparent politics and administration will end up in "fruitless talks."

Creation of Political Devices

[Passagae omitted] Though I would not go so far as to say it is critical, there is the skeptical and apprehensive tone in newspapers and magazines concerning the political leadership of the prime minister, who has the strength of authority and position of the official residence. There is probably hesitation that he is capable of providing the high-handed political methods of Ichiro Ozawa of Shinseito and Yuichi Ichikawa of Komeito, and especially, the "ordinary nation" (in other words, dominant nation) theory Ozawa advocates in his *Blueprint for Building a New Japan* concept. However, for the political reform, which has been controlled by the bureaucratic system and is dependent on it, the government is not only liable to announce its intention of carrying out political reform but also must formulate a plan and implement it. This political reform must be one which can continually challenge the bureaucratic system and it must be carried out separately relative to debates concerning national vision. In other words, new political devices that are clearly different from the LDP era are considered necessary. For this purpose, reform of the system and practices in the relationship between politicians and bureaucrats at the central government level and decentralization of power must clearly be put into place like the set of wheels on a car [so that it will run smoothly]. There are at least the following three points on reform at the central government level. The first, the lifetime employment bureaucratic system; bureaucratic positions above the bureau director class should be considered political appointment position. On the occasion of the Yodo hijack by the Red Army faction 24 years ago, the deceased House of Representatives Diet Member Shinjiro Yamamura (parliamentary vice minister of the Ministry of Transport at the time), who became a hostage in place of the passengers, boarded the plane, saying, "After all, a parliamentary vice minister is like an appendix." This was "admirably put." Is it responsible politics and administration to neglect the situation that even a minister, not to mention a parliamentary vice minister, "is not the highest decision-making authority" of the government agency over which he presides? Expansion of political appointment positions is considered necessary to put an end to the "lifetime employment bureaucratic system" in the popular sense that was stated earlier as a reality.

Probably the counterargument that immediately comes back is that "the continuity of administration would be damaged." If bureaucrats proficient in administration make such a "counterargument," that is only a argument for their own interests. Eighty, no, 90 percent of administrative office business is occupied by items that must continue even if the regime changes. The problem is whether or not politics can be applied freely to that remaining in the policy discretion range to meet accurately the needs of the people. The continuity of administration is not damaged, only the continuity of life is upset. The very fact that the Minister's Secretariat Personnel Department handles even "personnel changes" of former bureaucrats from their place of employment after retirement as high-level bureaucrats must be considered abnormal. Regarding the "deputy minister" concept which has been widely circulated within the coalition regime, it is said that there was a bureaucrat who related that "If such a thing is realized, we cannot tell our juniors at the universities that are our alma maters to come to government agencies and excellent talent no longer will be assembled." Surely, I'm not the only one who thinks that "they are extremely conceited." There will not be any problem in appointing capable people with amassed diverse careers to executive posts in the present age.

The second, the transfer of control of budget revision authority from the MOF to the Cabinet Secretariat. The concept of a Cabinet Budget Bureau appeared in Japanese politics in deliberations of the First Ad Hoc Committee on Political Reform 30 years ago. However, this problem was like a sanctuary for the Japanese bureaucratic system, and it is no exaggeration to say that it was a sphere which politics could not touch. In the LDP regime era, the party Tax Commission exercised strong influence concerning the revenue budget each fiscal year, especially special taxation measures, because that itself became votes. However, superiority of politics was not established concerning the frame of the whole budget, the revenue budget, and the fiscal investment and loan program. Rather, it probably was that so long as they maintained authority by being parasitic on the bureaucratic system, believing the existence of zoku Diet members was the "mission" of politicians, there was no need for reform accompanied by great cost. However, the result was that it brought the allocation of public resources that emphasized symbiosis between bureaucratic organizations to the extent that there was no room for the demonstration of political leadership. The prime minister, who has the most political legitimacy, must not be naive to establish political devices which can demonstrate leadership in decisions of public resource allocations. For that purpose, he should establish a Cabinet Budget Bureau, and when he does it, it is extremely important that by appointing capable people from private sectors to officers, he must try to reduce the influence of the bureaucratic lifetime employment system.

The third, although it might not be included in the category of administrative reform, along with the creation of devices that give superiority of politics a foundation such as the above, improve the self-reliance of politicians in Diet deliberations. There is the feeling that everything has been said already on this point, but the government committee member system in committee deliberations should be abolished. Of course, if the first point that was mentioned previously is to be institutionalized, there should be replies from deputy ministers and the bureau director class as politically appointed posts. At the same time, a device will be necessary to change the current Diet standing committee organization from an organization by ministry or agency to organization by policy category and preserve an independent viewpoint as the Diet at all times. So long as that is not done, there is no way that a political profession with a different dimension from zoku expert Diet members can emerge.

The points that have been made so far are in a sense to bring the reform closer to that of the English parliament cabinet system. Of course, even in the United Kingdom where many politicians, including cabinet ministers, are ushered into the upper part of the administrative structure, the superiority of politics has not been established to the extent as what some people in Japan believe it to be. Frictions frequently generate between the civil servants group and cabinet members centering on permanent undersecretaries who are the top lifetime employment civil servants. The fact that an enormous amount of files are submitted to the cabinet members and the cabinet is harassed into action demanding "a decision by 31 February" often appears in the memoirs of politicians. Perhaps, conflict between politicians and lifetime employment civil servants is not desirable, but not avoidable. That is, after all, a minister is a temporary post and civil servants are lifetime employment professionals—they belong to different category of people. Moreover, politicians probably make judgments from the public acceptability of policy, and as professionals, civil servants probably make judgments of it from the rationality of administration. In that sense, even if reforms like above are realized, the superiority of politics is not something that will be established instantly. Nevertheless, there is a wide difference between whether you establish the relationship between politicians and bureaucrats within a fixed framework of political superiority and make politics and economics open or whether you approve a framework of total bureaucratic superiority and muddle on in performance while being parasitic to it. Establishment of an environment where politicians cultivate themselves must be realized by politics.

Small Government With Superior Politics and Decentralized Power

In order to operate devices effectively for the establishment of political superiority at the central government level, complete decentralization of power is necessary. The system with highly centralized power has already been saturated with the functional paralysis for over the past 20 years. Especially, aging which is rapidly proceeding today and the progress of internationalization (globalization) is changing completely what regions should be. Aging requires a system where regions can be the final place to live. Internationalization calls for the task of creating towns where we live together with foreign residents whether you like it or not. The functional egoism of the central ministries and agencies and profit-guided politics are not things that can withstand these new tasks of living and politics. Decentralization of power is a natural task for modern day Japan in a post-modernized society.

This problem, however, will require much more complicated and cautious system design than the reform at the central government level mentioned earlier. Political parties and diverse groups that pledge promotion of decentralization of power have in common on the point that it is building of a government system that central government can devote itself to responding of international society matters and establishment of criteria for domestic policy, and regions can respond to regional matters. Just viewed from the words above, there should be approval of such a functional relationship between central and local government.

However, what one should keep in mind is the possibility that "a small, weak central government" domestically can become "a strong central government" internationally. It is usual today to call the federal government in the United States "national government," not "federal government." However, this government has continued to be "a small government" domestically. Ichiro Ozawa considers that decentralization of power is necessary for a nation to demonstrate strong leadership, but the argument that a simplified "small central government" and local government which is separate from that should be created is capable of becoming decentralization of power for "a political superpower."

In coming to this point, one must say that the real issue of the decentralization of power theory is very closely related to the fate of the nation-state of Japan, in addition to the challenge of politics against bureaucratic system control and the theory of the necessity of decentralization of power along with changes in the Japanese social structure. In other words, it must be ascertained in the decentralization of power debate whether it is decentralization of power for the nation or decentralization of power for the political system which has citizen self-government as the basis. In accordance with that positioning, devices for political superiority at the central government level previously stated should differ in function. Consequently, advocates who speak of the concept of a decentralized power system must be wary of how that will function objectively.

As a vision of a decentralized power system, there is the reform concept of a one-layer system with just about 300 basic self-governing bodies. Or, there is also a movement which advocates abolishing the current prefectures and the establishment of about seven to 10 provinces or states. Furthermore, there is the theory of reform to a federal system as discussed in "Regional Sovereignty and Democracy" by Seiji Tsunematsu in the February [1994] issue of this magazine. Commonly asserted in these is the concept that while saying that it is for the realization of democracy, it is the abolishment of prefectures and creation of rather large-scale local governments separated functionally from the central government. This "magnanimous" concept probably will not see realization in a day, and in that sense, one wonders where the real motive lies. As for the federal system concept, it is not certain whether they are speaking as a metaphor of decentralization of power or really saying a shift to a federal system. If it is the latter, the objective conditions to make that possible must be proven. For example, as the most elementary problem, it must be made clear where in Japan and from what criteria the lines will be drawn for the sovereign state organization.

As I have discussed before, the decentralization of power as a political system with citizen self-government as the basis and in order to move to implementation of that in reality, I believe that it should be based on two points: first, we should commence with thorough perpendicular decentralization of power premised on the current two-layer system. Second, create a system where the political speech of local government on policy decisions by the central government are guaranteed, or in other words, a system where local government can control central government. There is an argument regarding prefectures that they have nothing more than "a detrimental existence" on the grounds of their coloring as agencies of the central government and low voter turnout in governor elections in recent years. Or, there is also the view that smallness of area adds to these. It is a fact that these tell part of the current morbidity. However, such a view ignores that it is morbidity that is generated because of incomplete perpendicular decentralization of power from the center to the prefectures and from the prefectures to the basic self-governing bodies. Direct public election of local government heads is the property of post-war Japan's precious democracy and because of the very existence of this property, post-war Japan has improved its citizen's basic lifesyle within rapid urbanization and industrialization rarely seen in the world, promoted changes in policy of the central government, and accomplished orderly development in its own way.

Even if artificial, wide-area local governments are established, be they provinces or be they states, and there is a transfer of power from the center, how could they respond to citizen's needs while drawing out spontaneity. Diversity among regions is conspicuous, but what can large-scale local governments embracing these do? These are concepts that are capable of opening up the way for decentralization of power for the nation and a decline in unlimited regional democracy. If we strive to resolve wide-area issues with a diverse coalition system among self-governing bodies that have been made citizen government by perpendicular decentralization of power, that will settle it. If mergers of local governments are carried out in the future with that as the influence, that is fine. What has been missing in Japan since Meiji modernization is that citizens have had no experience of creating their own government, and they have no guarantee that they can do it. Consequently, a system should be created in these self-governing bodies with decentralized power where citizen self-government will be freely guaranteed, such as policy votes and new auditing mechanisms, and that will become the spring to increase the power of speech over establishment of criteria by the central government and to promote a cultural transformation of Japanese politics as a whole.

So far, we have considered administrative reform which the coalition regime has not begun from two aspects. What has been questioned now is the creation of devices to establish political superiority on the central government level and setting a course to decentralization of power.

The advantages of maintaining an industrial structure compartmented by the bureaucratic system are the same for the MOF, and the mutual consent on the vertical segregation by ministry or agency as well as by bureau is the "wisdom of life" for the bureaucratic mechanism to maintain influence in politics and economics.

In a serious economic recession, as always, public works investment and relaxation of regulations are chorused as policies that should be the political response, and, moreover, it has begun. One wonders just what kind of ideology do these mutually exclusive policies like "oil and water" can be based on to proceed simultaneously, but let's not bother with the economic policy here. The problem lies in the fact that the deregulations that were submitted upon request to wring out "what little wisdom there is" in the bureaucratic mechanism has not dealt any blow to the bureaucratic system.

Previously, market generalists in the 1980's had the optimistic view that government deregulations—including such items as guaranteeing new entries by dismantling government-affiliated public corporations and consolidating licensing and permit authority—would guarantee businesses freedom from the bureaucratic system and bring market activity. However, from the 1980's until today, the bureaucratic system's licensing and permit authority has increased, not decreased. The story is very simple. New licensing and permit authority is established to ascertain the qualifications for new entries. Currently, the deregulations on the broadcasting business and making the portable telephone business with different methods a competitive business in the same area have become topics of conversation, and even if the competition between firms expand, the licensing and permit authority of the bureaucratic system will not decrease. Besides expanding the scale of new entries, a switch from standard certification of products to voluntary certification and the abolition of side payments or additions under international rules for international freight are ready to begin. However, it is rather too naive to believe that the influence of the bureaucratic system on industry will be reduced by these reforms. What will appear instead of direct licensing or permits is administrative guidance, which should be called government-led cartel acts taking the form of voluntary control by industrial groups. Inherently, the actual state of Japanese regulation administration has been to create "compartmented space" and carry it out while emphasizing solidarity with that, rather than direct exercise of regulation authority.

The ASAHI SHIMBUN (2 December 1993) reported that, of the 412 full-time officers of 51 institutions into which fiscal investment and loan funds flow, 294 are retired bureaucrats; moreover, 45 come from the MOF, 19 from the Ministry of International Trade and Industry, and 13 from the Ministry of Construction. Furthermore, the institutions into which these fiscal investment and loan funds flow establish stock corporations or certified corporations that should be called a kind of "subsidiary." Retired bureaucrats also frequently go there. As partly revealed in my book *Administrative Guidance* (Iwanami Shinsho), the full-time officers of industrial groups of Japan's major industries, not to mention officers from related commercial firms, are retired bureaucrats from government agencies that are generally closely connected to the industry. The expansion of public works is greatly chorused, but based on the current system, there is no other way for local governments to carry out projects except under the firm binding of licensing and permits not only in project planning and revenue sources but even construction methods as well. Criticism has arisen about the increase in governors coming from the bureaucracy, but that is because public works projects are not unrelated to administrative regulation with centralized power.

Thus, the structure in which the government and private sectors lean on each other has spread deep roots, and the influence of the bureaucratic system has permeated every corner of the economy, not to mention politics. Huge conglomerates have been created with the bureaucratic system as their support. Generally, civil servants who consider that they have only one occupation are called "lifetime employment" civil servants. That means that they are hired on the basis of set qualifications and are promoted according to their record of service until retirement; at the same time, it is guaranteed that their position will not be threatened by party politics. However, Japanese bureaucrats do not stop at "lifetime employment" in such a learned sense, and it is truly "lifetime employment" in the popular sense. The status of the place that will offer them a post-retirement job differs according to the position in their present job, and they end their career within the community cultivated between government officials and industry. Moreover, while the existence of businesses are being protected by the bureaucratic system, they are carrying out personnel dismissals that form "restructuring." Far from equal results, even equal opportunity is lost, and social regulations to achieve a fair society do not seem to be taken into consideration.

As many advocates point out, this solid structure must be drastically reformed to break the impasse in the deadlocked Japanese economy. Government must start work on opening up a hole in this hard bedrock. There are differences in thinking about the ways and means, but unless drastic measures to correct the "lifetime employment bureaucratic system" are taken, all the preachings on the demonstration of leadership for international society and transparent politics and administration will end up in "fruitless talks."

STA Begins Survey of Lake Baikal Deposits

942A0493A Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Jul 94 p 17

[Text] The Science and Technology Agency (STA) has put together a research concept and embarked on an on-site survey to dig out and analyze "soil of the past" that has been sleeping deep at the bottom of Lake Baikal in Russia, and to restore the global environment of that time such as the climate. The deposit components on the lake bottom reflect the global environment of the past and if these are analyzed, the climate of the past will be learned. Precious data for forecasting the future global environment will be obtained by researching environmental fluctuations over a long period.

There also is a method to dig out and analyze geological strata of the past to learn the old environment of the earth, but analysis is difficult because there generally are complex changes in strata with erosion and fluctuations in the earth's crust. However, Lake Baikal, the deepest lake in the world, it not affected by erosion and the strata of the lake bottom accumulate continuously with comparative precision with time. Moreover, it is the world's oldest lake and it is said that there are what might be 20 million or 30 million years of deposits at the lake bottom.

STA recently dispatched a survey team to investigate local conditions and, based on the results, will excavate the bottom of Lake Baikal and extract deposits. It will make a physical and chemical analysis of the test material and determine the date of the deposits and deposit components. It will estimate the environment and climate of that time from plant seeds and aquatic life fossils which are contained in the test material. The plan is to comprehensively analyze this data and restore the old environment.

Currently, it is studying advanced excavation technology and the way to proceed with research. The idea is to make a data base of the survey results and offer it through a communications network.

Japan Energy Group Faces Reduced Profits

942A0491A Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jul 94 p 17

[By Makoto Tanaka, Tokyo Securities Desk]

[Text] There have been a succession of "untoward incidents" in the Japan Energy (J Energy, former Nippon Mining-Kyodo Oil) group of firms. Following the U.S. subsidiary being driven into liquidation because of slumping business, a related company, Kajima Oil counted a huge exchange loss. The earnings environment of the petroleum industry has never been so good, and at the present time it has had no great effect on the business of J Energy, but if the earnings environment changes such as the liberalization of the import of petroleum products that has been anticipated, it will become a great burden. It seems that the scheme to reduce the profit gap with Nippon Oil has gone greatly awry.

"The ship is loaded with surplus cargo, but if the load is dropped little by little, there will be no fear of capsizing. It will become light in 10 years." Vice President Yutaka Yuge thus speaks of the reconstruction of Kajima Oil, which failed in speculative exchange futures transactions and produced a loss of 152.3 billion yen.

Kajima Oil borrowed 80-90 billion yen from a financial institution to cover the loss. The calculation is that reconstruction is possible within 10 years if the loan is repaid based on annual profits since they have been operating with a stable ordinary profit of about 10 billion yen and final profits of 5-6 billion yen.

For J Energy, which is laying a support system by dispatching the president and strengthening cooperation in product sales, the financial burden will only be 1) no more annual dividend of 500 million yen from Kajima Oil, and 2) an obligation guarantee of 35 billion yen implemented according to investment ratio (41.9 percent by group).

However, the success of the reconstruction of Kajima Oil is premised on the current earnings environment. The March 1996 expiration of the Special Petroleum Products Import Provisionary Measures Act which regulates the import of petroleum products is drawing near, and there is some discussion of abolishing it. If low-price gasoline is imported into the country and cut-rate competition intensifies, it appears that J Energy "must take cost support measures, such as taking over the interest burden or boosting refining compensation" (large securities affiliated analyst) for Kajima Oil, which is liable for interest of about 5 billion yen annually.

There is a large burden accompanying post-processing of Gould, the U.S. copper foil subsidiary which was driven into liquidation in February 1994. The loss is 91.2 billion yen, combining the investment capital in the holding company and the irrecoverable claims for Gould. In addition, a total of 160 billion yen will be paid out because of the investment of 70.6 billion yen to establish two new companies that will take over Gould's copper foil and precision-measurement equipment enterprises.

The sales profit of unused land and negotiable securities was applied to about 65 billion yen of the burden, but the remainder depend on disposal of liquid assets and bank loans. Compared to cases where investment capital was employed at 4 percent per year, it becomes a loss of about 2.8 billion yen. Combined with the 500 million yen dividend from Kajima Oil, J Energy faces a profit reduction of 3.3 billion yen annually due to the two "untoward incidents."

It is said that overheated competition due to abolishment of the Special Petroleum Products Import Provisionary Measures Act will promote reorganization of the petroleum industry. On that point, J Energy has led other companies, embarking on a manufacturing and sales merger in December 1992, but even before embracing the problems of Gould and Kajima Oil, the initial expectations that planned the merger had gone greatly awry.

On the eve of the merger in March 1992, both companies estimated ordinary profit for March 1994, essentially the first fiscal year, at 39 billion yen, greatly exceeding the total amount (29.4 billion yen in the March 1991 term) for the petroleum division of Nippon Mining and Kyodo Oil before the merger. The plan was to be on the level of the largest manufacturer, Nippon Oil.

Ordinary profit for the previous term indeed ostensibly had been 37.2 billion yen, but on a real basis, after subtracting the 3.5 billion yen business tax abatement and calculating special losses and the 7.8 billion yen exchange profit, it was 25.9 billion yen. Not only did it greatly widen Nippon Oil's lead with an ordinary profit (38 billion yen) after exchange profit, but it was less than the total ordinary profit before the merger.

If ordinary profit is simply divided by the amount of sales of petroleum products, Nippon Oil's profit is 78 yen greater—more than 714 yen per kiloliter for Nippon Oil and less than 637 yen for J Energy. If J Energy were not stumbling over a series of problems, it should be in a superior position over Nippon Oil in the area of profit. That is because the 3.3 billion yen profit reduction factor due to the series of problems corresponds to a burden of 81 yen per kiloliter.

J Energy is hastening to realize the effects of the merger. Besides boosting the processing capability of three refineries such as Mizushima (Okayama Prefecture) and Chita (Aichi Prefecture) and integrating 53 oil tank yards in the area, it plans to review the sales investment that is duplicated by the former Nihon Mining and former Kyodo Oil. The policy also is to proceed in stages with a reshuffle from the management sector to the sales sector. The number of officers also has been reduced by five people from the previous term to 35 people.

As investment for environmental countermeasures, however, in addition to undertaking construction of light oil deep desulfurization equipment that reduces the sulfur contained in light oil, it is scheduled to rationalize distribution facilities. Along with the merger, it will also be necessary to lay out a little less than 20 billion yen to change the logo on 6,400 gas stations nationwide from "Kyoseki" to "JOMO."

The amount of facilities investment for the year ending in March 1995 will be 75 billion yen, greatly exceeding the 29 billion yen in depreciation expenses. Vice President Yuge expects that "visible effects of the merger should undoubtedly appear in two to three years," but it appears that the ordinary profit for the March 1995 term will be only 25 billion yen, a 33-percent decrease from the previous term. It seems that rather drastic management efficiency will be necessary to shrink the profit gap with Nippon Oil while continuing a large investment.

North Korea

Kang Sok-chu-Led Delegation Leaves for Geneva

SK0208141694 Pyongyang Korean Central Broadcasting Network in Korean 1310 GMT 2 Aug 94

[Text] Our country's delegation led by Kang Sok-chu, first vice foreign minister, left Pyongyang by air today to attend the third round of the talks between the DPRK and the United States of America to be resumed in Geneva.

The delegation was seen off at the airport by Choe U-chin, vice foreign minister.

Criteria Defined for 'Fruitful' Geneva Talks

SK0208045794 Pyongyang KCNA in English 0450 GMT 2 Aug 94

["Third Round of DPRK-U.S. Talks Should Prove Fruitful"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—If the third round of the DPRK-U.S. talks scheduled to be resumed in Geneva from August 5 is to prove fruitful, living up to the expectation of the Korean people and the world peaceloving people, the sides must make joint efforts for the progress of the talks on the principles of mutual trust and equality, says NODONG SINMUN today.

Declaring that it is a consistent position of the Government of the Democratic People's Republic of Korea to resolve the nuclear issue peacefully through dialogue and negotiation, the analyst says:

If a third party's unreasonable demand were raised at the talks, it would result in laying an artificial hurdle in the solution of the nuclear issue.

A fundamental solution to the nuclear issue in the Korean peninsula is unthinkable apart from trust between the DPRK and the United States and a political decision.

The nuclear issue in the Korean peninsula is, both nominally and virtually, a matter of the DPRK-U.S. relations and a bilateral issue of political nature which must be solved through DPRK-U.S. dialogue.

We have already proposed a package solution to the nuclear issue and are still maintaining this position. Our proposal of package deal involves all the basic principles and ways for a solution to the nuclear issue including the introduction of a light water reactor.

Considering that the third round of the talks will mark a decisive occasion in a package solution to the nuclear issue, we believe that if both sides take sincere positions at the talks, the package solution would be possible.

If the package solution is agreed upon at the third round of talks, the nuclear issue on the Korean peninsula will be solved and it will greatly contribute to the relaxation of tensions and peace on the Korean peninsula and, furthermore, to world peace and security.

It is important in resolving the nuclear issue of the Korean peninsula that the United States and the parties concerned take a proper stand concerning the introduction of a light water reactor.

It can be said that at this juncture the stand concerning the introduction of a light water reactor is a touchstone showing whether they are interested in the fundamental solution to the nuclear issue in the Korean peninsula, or not.

As for our proposal for the introduction of such a reactor, it is motivated by a good intention to resolve the nuclear issue thoroughly at any cost. We have no selfish purpose. Truth to tell, we do not badly need a light water reactor. Now such sophisms as "a precondition" are getting around with regard to the introduction of a light water reactor. They are intended to impede the progress of the third-round talks and obstruct a solution to the nuclear issue.

If the United States and other parties concerned are truly interested in the solution to the nuclear issue in the Korean peninsula, they must fully favor our proposal for the introduction of a light water reactor and cooperate for its materialization.

CNN International News Delegation Arrives

SK3107083394 Pyongyang KCNA in English 0819 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—A CNN International newsgathering delegation of the United States with Senior Vice President Eason Jordan as its head and Beijing Bureau Chief Mike Chinoy as its member arrived here Saturday [30 July].

It was met at the airport by Yi Chong-hyok, vice-chairman of the Korean Asia-Pacific Peace Committee, and Cha Song-su, vice-chairman of the DPRK Radio and Television Broadcasting Committee and general director of the Television General Bureau.

be necessary to lay out a little less than 20 billion yen to change the logo on 6,400 gas stations nationwide from "Kyoseki" to "JOMO."

The amount of facilities investment for the year ending in March 1995 will be 75 billion yen, greatly exceeding the 29 billion yen in depreciation expenses. Vice President Yuge expects that "visible effects of the merger should undoubtedly appear in two to three years," but it appears that the ordinary profit for the March 1995 term will be only 25 billion yen, a 33-percent decrease from the previous term. It seems that rather drastic management efficiency will be necessary to shrink the profit gap with Nippon Oil while continuing a large investment.

North Korea

Kang Sok-chu-Led Delegation Leaves for Geneva

SK0208141694 Pyongyang Korean Central Broadcasting Network in Korean 1310 GMT 2 Aug 94

[Text] Our country's delegation led by Kang Sok-chu, first vice foreign minister, left Pyongyang by air today to attend the third round of the talks between the DPRK and the United States of America to be resumed in Geneva.

The delegation was seen off at the airport by Choe U-chin, vice foreign minister.

Criteria Defined for 'Fruitful' Geneva Talks

SK0208045794 Pyongyang KCNA in English 0450 GMT 2 Aug 94

["Third Round of DPRK-U.S. Talks Should Prove Fruitful"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—If the third round of the DPRK-U.S. talks scheduled to be resumed in Geneva from August 5 is to prove fruitful, living up to the expectation of the Korean people and the world peaceloving people, the sides must make joint efforts for the progress of the talks on the principles of mutual trust and equality, says NODONG SINMUN today.

Declaring that it is a consistent position of the Government of the Democratic People's Republic of Korea to resolve the nuclear issue peacefully through dialogue and negotiation, the analyst says:

If a third party's unreasonable demand were raised at the talks, it would result in laying an artificial hurdle in the solution of the nuclear issue.

A fundamental solution to the nuclear issue in the Korean peninsula is unthinkable apart from trust between the DPRK and the United States and a political decision.

The nuclear issue in the Korean peninsula is, both nominally and virtually, a matter of the DPRK-U.S. relations and a bilateral issue of political nature which must be solved through DPRK-U.S. dialogue.

We have already proposed a package solution to the nuclear issue and are still maintaining this position. Our proposal of package deal involves all the basic principles and ways for a solution to the nuclear issue including the introduction of a light water reactor.

Considering that the third round of the talks will mark a decisive occasion in a package solution to the nuclear issue, we believe that if both sides take sincere positions at the talks, the package solution would be possible.

If the package solution is agreed upon at the third round of talks, the nuclear issue on the Korean peninsula will be solved and it will greatly contribute to the relaxation of tensions and peace on the Korean peninsula and, furthermore, to world peace and security.

It is important in resolving the nuclear issue of the Korean peninsula that the United States and the parties concerned take a proper stand concerning the introduction of a light water reactor.

It can be said that at this juncture the stand concerning the introduction of a light water reactor is a touchstone showing whether they are interested in the fundamental solution to the nuclear issue in the Korean peninsula, or not.

As for our proposal for the introduction of such a reactor, it is motivated by a good intention to resolve the nuclear issue thoroughly at any cost. We have no selfish purpose. Truth to tell, we do not badly need a light water reactor. Now such sophisms as "a precondition" are getting around with regard to the introduction of a light water reactor. They are intended to impede the progress of the third-round talks and obstruct a solution to the nuclear issue.

If the United States and other parties concerned are truly interested in the solution to the nuclear issue in the Korean peninsula, they must fully favor our proposal for the introduction of a light water reactor and cooperate for its materialization.

CNN International News Delegation Arrives

SK3107083394 Pyongyang KCNA in English 0819 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—A CNN International newsgathering delegation of the United States with Senior Vice President Eason Jordan as its head and Beijing Bureau Chief Mike Chinoy as its member arrived here Saturday [30 July].

It was met at the airport by Yi Chong-hyok, vice-chairman of the Korean Asia-Pacific Peace Committee, and Cha Song-su, vice-chairman of the DPRK Radio and Television Broadcasting Committee and general director of the Television General Bureau.

The head of the delegation told the reporter that their visit is aimed at expressing deep condolences on the death of the great leader President Kim Il-song.

He said it is also aimed at reaffirming their commitment to making a very correct, fair and responsible report about the situation on the Korean peninsula and the Korean question to world's viewers.

Meets With Officials 31 Jul

SK0108055494 Pyongyang KCNA in English 0530 GMT 1 Aug 94

[Text] Pyongyang, August 1 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Korean Asia-Pacific Peace Committee, Sunday met and had a friendly talk with the visiting U.S. CNN delegation with Senior Vice President Eason Jordan as its head and Beijing Bureau Chief Mike Chinoy as its member, when the latter paid a courtesy call on him.

Present there was Yi Chong-hyok, vice-chairman of the Korean Asia-Pacific Peace Committee.

The head of the delegation, in the name of Chairman of the Board of CNN Ted Turner and his wife Jane Fonda and its president Tom Johnson, expressed deep condolences to the supreme commander of the Korean People's Army Comrade Kim Chong-il and the entire Korean people on the death of the great leader President Kim Il-song.

He said the great leader President Kim Il-song was an elder statesman of the world and a closest friend of the CNN.

The CNN televised in full the functions of the last parting with President Kim Il-song and the memorial service for him for 210 countries and regions, he stated.

Visits Statue of Kim Il-song

SK0108054694 Pyongyang KCNA in English 0526 GMT 1 Aug 94

[Text] Pyongyang, August 1 (KCNA)—The visiting U.S. CNN delegation with Senior Vice President Eason Jordan as its head and Beijing Bureau Chief Mike Chinoy as its member went to the bronze statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on July 31 and paid a silent tribute.

The guests laid a bouquet of flowers before the statue and observed a moment's silence to honor the memory of the great leader who devoted his whole life to the freedom and happiness of the people, the cause of global independence, world peace and friendship and solidarity among the peoples.

Religionists Council Statement on ROK's Pak

SK0208051994 Pyongyang KCNA in English 0441 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The Korean Religionists' Council issued a statement Monday denouncing the South Korean rulers for threatening to take a legal action against Pak Po-hui, co- chairman of the World Peace Federation, who visited Pyongyang to mourn the death of the father of the nation, and for banning the SEGYE ILBO newspaper of which he is the president.

The statement bitterly condemns the Kim Yong-sam group's persecution of Pak Po-hui as a challenge to all believers in the North, South and overseas revering the sun of the nation and as an unpardonable nation-splitting act denying love and reconciliation, independence and reunification, and demands an immediate stop to the suppression of his righteous deeds.

It is outrageous of the Kim Yong-sam group to try to invoke the notorious "National Security Law" against him and ban SEGYE ILBO under a groundless pretext, says the statement.

The statement declares:

"The Kim Yong-sam group's persecution of Pak clearly shows once again that it is a gang of fascists who, like their predecessors, leave no stone unturned in their bid to save their destiny from the quagmire, seeking distrust, confrontation and division, not reconciliation, unity and reunification of the nation.

"With nothing can the Kim Yong-sam group block the trend of the times and the strong current of history."

The statement expresses the hope that all the believers in South Korea will actively join the students and other people in the struggle for the abolition of the fascist "National Security Law" and unconditional release of the pro-reunification patriots and in the patriotic cause of independence, democracy and reunification.

ROK Actions Against Pak Po-hui Denounced

SK0208044494 Pyongyang KCNA in English 0420 GMT 2 Aug 94

["Unpardonable Anti-National Crime"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—The Kim Yong-sam group banned the publication of SEGYE ILBO, CHUGAN SEGYE and five other periodicals run by Pak Po-hui, co-chairman of the World Peace Federation and managing director of SEGYE ILBO, threatening that they would take a legal action against him on the charge of "benefiting and sympathising with the enemy" after he paid a condolence call at Pyongyang, according to a report from Seoul.

To express condolences is a matter of human ethics and morality transcending politics, system, ideology and idea and it is a traditional laudable custom and manner of the Korean nation handed down through generations.

Either from the moral point of view or from the viewpoint of his close intimacy with the great leader President Kim Il-song who received him twice, it is quite natural for Mr. Pak to express deep condolences on the death of the leader of the nation, and no one can take issue with this.

His condolence visit to the North offers no problem either in view of his religious doctrine.

Nevertheless the Kim Yong-sam clique is threatening a legal action against him, branding his Pyongyang visit as an act "benefiting and sympathising with the enemy." This is a wanton violation of human ethics and morality and an unpardonable inhuman and anti-national criminal act wrecking reconciliation and unity of the fellow countrymen and blocking the reunification of the country.

The Kim Yong-sam group will be held wholly responsible for all the consequences arising from their legal action against him.

ROK Publication's Article on Kim Il-song Cited

SK0208103294 Pyongyang KCNA in English 1005 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The South Korean monthly magazine WORLD AND I in its June issue carried a special write-up with pictures showing the noble appearance of the great leader President Kim Il-song and accounts of interviews he had with foreign news coverage groups.

The magazine carries on 31 pages 61 pictures, each with a detailed explanation, including pictures of President Kim Il-song among his men during the anti-Japanese revolutionary struggle and pictures showing his glorious and brilliant revolutionary activities in guiding the party, the state and the Armed Forces from the country's liberation till the Sixth Congress of the Workers' Party of Korea, which had not been published in South Korea.

The magazine also deals with the famous works of President Kim Il-song "Answers to the Questions Raised by the U.S. WASHINGTON TIMES News Coverage Group," "Answers to the Questions Raised by the U.S. CNN News Coverage Group" and "Answers to the Questions Raised by the NHK News Coverage Group".

Under the headline "We Will Never Possess Nuclear Weapon" the magazine prints a large picture of President Kim Il-song receiving foreign news coverage groups and carries answers to such questions raised by the U.S. WASHINGTON TIMES as the nuclear issue, the DPRK- U.S. relations, Korea's reunification problem and the situation of Korea.

Under the subtitle "Kim Chong-il, Trusted as Leader of the People", the magazine quotes President Kim Il-song as saying: Comrade Kim Chong-il took over and has been guiding the overall work of the party, the state and the Army from long ago in our country. All his thinking and activities are thoroughly to carry my idea and intention into practice. From long ago, our people deeply respect and absolutely trust Comrade Kim Chong-il, calling him "the dear leader".

The magazine carries the words of President Kim Il-song that because Comrade Kim Chong-il is creditably carrying forward to accomplishment our idea and leadership, everything is going well and will continue to go well in the future in our country.

It also carries words of President Kim Il-song expressing his conviction of the validity and victory of the revolutionary cause of chuche and the principled stand clarified by him as regards the normalization of the DPRK-U.S. relations.

Kim Chong-il Poster Reported in ROK Subway

SK3007045294 Pyongyang KCNA in English 0422 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—A literature praising the dear leader Comrade Kim Chong-il was pasted up on the ceiling of an electric car running on line no. 2 of the Seoul subway on July 21, to stir up many people, the Seoul-based Radio Voice of National Salvation reported.

The octavosize literature signed by "The Patriotic Fellowship Society for Reunification," carried the following letters in red.

"The day of national reunification is not far off.

"Let us hold in high esteem and follow General Kim Chong-il, the lodestar of reunification indicating the way of the nation, through generations, true to the noble behests of President Kim Il-song!

"Long live general Kim Chong-il, the defender of the national life!

"Long live Kim Chong-il, the leader and sun of the nation!"

ROK's SPB 'Fascist Barbarism' Criticized

SK0208044894 Pyongyang KCNA in English 0426 GMT 2 Aug 94

["Criminal Suppressive Order Issued by 'SPB'"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—The "Guideline of Emergency Action" issued by the "Security Planning Board" [SPB] to its agents on the death of the great leader President Kim Il-song, which was recently disclosed by a "SPB" agent, stipulates that a legal action should be taken on the strength of the "National Security Law" against all the people who intend to express condolences, send mourning groups, set up incense-burning places and have mourning services and other functions in South Korea.

The fact vividly proves that the Kim Yong-sam group set the "SPB" in motion in advance to prevent the South

Korean people and students from expressing condolences on the death of the leader of the nation and launched a wholesale arrest according to a premeditated and deliberate plan of the "SPB".

The hysteric act of the Kim Yong-sam clique in mobilizing even the "SPB" to keep the South Korean people from expressing condolences is a fascist barbarism without parallel in the world.

It must not go unnoticed that the "guideline of emergency action" contains the instructions that, when "SPB" agents search incense- burning places by surprise, they should show publications benefitting the enemy and recorded tapes praising the North which they were carrying, as "evidences" justifying their plots against the North.

All this goes to prove that the "SPB" is the general headquarters of anti-national, anti-reunification and anti-North plots for confrontation and a cursed object which must be blown up as unanimously demanded by the fellow countrymen.

Nothing but punishment can make up for the crimes of the "SPB".

The Kim Yong-sam group can never evade the responsibility for having brought the inter-Korean relations back to the original point of antagonism and confrontation by letting loose even the "SPB". they will have to pay dearly for it to the nation.

Notice in ROK Station Condemns Kim Yong-sam

SK3007045494 Pyongyang KCNA in English 0435 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—A literature calling for punishing the Kim Yong-sam group in the name of the nation for its anti-national, anti-ethical crimes was pasted up on a wall of the building of Chongnyangni railway station of Seoul on the night of July 19, inspiring train passengers and neighbour people, according to Radio Voice of National Salvation from Seoul.

Under the headline "Let Us Punish the Civilian Fascist Group" the whole sheet of paper was inscribed with the following words in the name of the "patriotic fellowship society":

"The anti-ethical, anti-national heinous crime of the 'civilian' fascist group which banned the expression of condolences on the death of respected President Kim Il-song, the affectionate father of the nation, cannot be erased with anything.

"Let us punish the Kim Yong-sam traitor group by enacting a special law when the country is reunified.

"Let us all push forward to bring earlier that day."

Paper on Kim Yong-sam's 'Fascist Offensive'

SK0208104294 Pyongyang KCNA in English 1027 GMT 2 Aug 94

["Last-Ditch Wriggle of "Civilian" Fascist Dictator"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—The Kim Yong-sam group has launched into a fascist offensive to destroy the patriotic democratic forces aspiring after independence, democracy and reunification by inventing such groundless fictions as "forces threatening the system" and "movement of forces behind the scene".

Commenting on this, an analyst of today says:

The South Korean rulers are trying to justify their anti-communist confrontation and brutal repression with such outcries over "threat to the system" and "backstage manipulation by the North". This, however, is a groundless sophism and a gangster-like logic of the fascist dictator.

They are feverishly fostering anti-communist confrontation and staging fascist rowdyism, branding the students of the chuche idea group, the South Korean Federation of General Student Councils (Hanchongnyon) and other patriotic democratic forces who called for expression of condolences and dispatch of a mourning group to the North as "pro-communist organisations benefitting the enemy" and "forces acting under backstage manipulation" and crying they must be "ferreted out," "exposed" and "rooted out". This is the last-ditch wriggle of the "civilian" fascist dictators driven to the edge of the cliff, forsaken by the people and elbowed out of the times and history.

No matter how frantically the South Korean rulers may resort to intrigues and repression, they cannot stem the flow of the South Korean students and people following the chuche idea and heading for independence nor can they bar their righteous struggle for independence, democracy and reunification.

Japanese-Based Korean Daily Views Kim Yong-sam

SK3007045094 Pyongyang KCNA in English 0432 GMT 30 Jul 94

["Anti-Ethical Act of Kim Yong-sam Denounced"—KCNA headline]

[Text] Pyongyang, July 30 (KCNA)—MINJOK SIBO, a Japan- based newspaper published by Koreans, July 21 denounced the anti- ethical act of the traitor Kim Yong-sam of South Korea in banning the dispatch of mourning groups to the North and suppressing those people and students who expressed condolences on the death of the great leader President Kim Il-song by invoking "the National Security Law".

By this we can measure the political qualifications of the present regime, the paper said.

Kim Yong-sam's anti-national, anti-reunification suppressive moves are motivated by his intention to sever the compatriotic ties between the Koreans in the North and the South, divorce the pro- reunification forces from the South Korean people and isolate them and unify the country through absorption by driving the North to collapse through pressure from outside, it added.

ROK Headquarters for Pannational Rally Meets

SK0108054094 Pyongyang KCNA in English 0521 GMT 1 Aug 94

[Text] Pyongyang, August 1 (KCNA)—Sixty-five organisations of students and citizens including the National Alliance for Democracy and Reunification and the South Korean Federation of General Student Councils held an inaugural meeting of the South side headquarters for the promotion of the fifth pan-national rally at the Associated Christian House on July 30, according to a radio report from Seoul.

At the meeting the South side headquarters for the promotion of the fifth pan-national rally elected three persons including Sin Chang-kyun, acting chairman of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), its permanent co-chairmen.

The meeting adopted a concrete schedule for the opening of the fifth pan-national rally on August 15.

ROK's Chondaehyop Denies NSV Links Charges

SK3107083094 Pyongyang KCNA in English 0810 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—The Fellowship Society of the National Council of Student Representatives (Chondaehyop), an organisation of former leading members of Chondaehyop, held a press conference in Seoul on July 29, at which it refuted the announcement of the prosecution that Chondaehyop was connected with the so called "National Salvation Vanguard" [NSV], a Seoul-based radio reported.

The society exposed the falsity of the announcement of the prosecution, saying that it had been faked up intentionally.

It said the deliberate linking of Chondaehyop with the "National Salvation Vanguard" by the authorities was activated by the scheme of the repressive forces to create an atmosphere of Cold War between the South and the North after the death of President Kim Il-song and gain influence through it.

Resignation of ROK School President Demanded

SK2907042794 Pyongyang KCNA in English 0417 GMT 29 Jul 94

["S. Korean Professors Demand Resignation of Sogang University President and Stop Creating 'Situation of New Security-Oriented Rule'"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—More than 60 delegates of the "National Council of Professors for Democracy" held a meeting on July 26 to commemorate the 7th anniversary of its founding and urged the resignation of the president of Sogang University and a stop to creating "a situation of new security-oriented rule", according to a radio report from Seoul.

They said the utterances of the president of Sogang University that the South Korean Federation of General Student Councils (Hanchongnyon) is an organisation manipulated by "a force behind the scene" were a unilateral slander against the student movement without a concrete evidence.

Noting that the "statement" of the presidents of other universities sympathetic with his remarks could hardly be regarded as one of educators, they urged the president of Sogang University to resign, bearing responsibility for his outburst.

Referring to the creation of "a situation of new security-oriented rule", they said it was an anachronistic act agitated by the ultra rightist conservative forces and encourged by the "government". They demanded a stop to the creation of an atmosphere of suppression.

'Suppression' of ROK Student Group Decried

SK3007051094 Pyongyang KCNA in English 0447 GMT 30 Jul 94

["Prompt Stop to Suppression of Hanchongnyon"—KCNA headline]

[Text] Pyongyang, July 30 (KCNA)—The president of Sogang University recently cried that the South Korean Federation of General Student Councils (Hanchongnyon) must be punished sternly, branding it as an organisation manipulated by "a force behind the scene," a Seoul-based radio report said.

The president of Seoul National University and other university presidents chimed in with his words, urging that the "leftist violent movement" of students must be eradicated.

Their utterances came after the traitor Kim Yong-sam recently called together university presidents and instructed them to "take a tough action against indiscriminate violence and students following communism blindly."

These acts openly revealed the criminal scheme to destroy Hanchongnyon at any cost on the charge of "leftist pro- communism".

It is needless to say that the "force behind the scene" over which they raised a hue and cry is a fiction. To link the expression of condolences before the bier of the great father of the nation with "a force behind scene" reveals their ignorance which cannot be imagined by a normal mode of thinking; it is a mockery of ethics and morality and a folly of villains.

The socalled "university presidents" are blowing the trumpets put in their hands by the traitor, unable to distinguish between morality and violence, justice and injustice. How can they be called educationists who should treasure truth and conscience.

It is a shame to South Korean universities and an insult to the noble platform that such ignorant persons hold the seats of president.

The Kim Yong-sam group which has committed a heinous crime against the nation must stop the suppression of Hanchongnyon at once, clearly knowing that they can never stifle the righteous activities of the students at the point of the bayonet.

ROK's Council of Churches Declaration Viewed

SK0108102694 Pyongyang KCNA in English 1008 GMT 1 Aug 94

["'New Security-oriented Rule' Condemned"—KCNA headline]

[Text] Pyongyang, August 1 (KCNA)—O Chong-il, chairman of the National Council of Christian Churches of South Korea, and some 750 Christians in North Cholla Province issued a declaration on the situation in Chonju Saturday, urging the authorities to stop the suppression under the "new security-oriented rule" and ensure the nongovernmental movement for reunification.

The current suppression of the democratic forces and social confusion including dispute over expression of condolences are attributable to the creation of "a situation of a new security- oriented rule" by the "government" styling itself "a civilian regime" in an attempt to iron out the social conflict in reliance on government power, not through dialogue, said the declaration, demanding a stop to the abuse of government power, release of prisoners and an apology of Kim Yong-sam for police intrusion into the Christian hall.

It called for an end to the suppression of the nongovernmental organisations' movement for reunification and activation of the nongovernmental movement for reunification for a durable peace between the North and the South.

The Federation of Koreans in Japan for Democracy and Reunification issued a statement on July 28 saying that the plot- breeding and suppression by the Kim Yong-sam "government" outdistance the "security-oriented rule" of the past military regime and are part of the moves to put down the reunification movement by inciting North-South confrontation and the anti-North idea.

It demanded the Kim Yong-sam regime immediately stop the "new security-oriented rule," discard the stance of North-South confrontation and take the road of reconciliation and unity.

Labor, Management Conflicts in ROK Viewed

SK2907043094 Pyongyang KCNA in English 0419 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—Unionists of Hyundai Mipo Dockyard Co., Ltd, of South Korea who are struggling to win the right to existence called on a general strike on July 26, denouncing the management for refusing to accept the demand of the trade union side, according to a radio report from Seoul.

The trade unions of the Hyundai Precision Ind. Co., Ltd. and another company of the same group, staged part-time strikes.

The trade union of Seoul Metropolitan Subway Corp, at a press conference on July 26 demanded an end to suppression by the management and warned that it would resume the strike if the latter failed to respond to its demand.

Manila Suggests DPRK Inclusion in ARF

SK2807104594 Pyongyang KCNA in English 1037 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—In a statement delivered during the opening of the annual foreign ministers' meeting of the Association of Southeast Asian Nations (ASEAN), Philippine Foreign Secretary Roberto Romulo formally called for the inclusion of the Democratic People's Republic of Korea and Cambodia in future security dialogues under a ASEAN Regional Forum (ARF), a report from Bangkok said.

"By virtue of its place in the region, it is perhaps not too early to consider the eventual participation of the DPRK in ARF's deliberations," Romulo said.

Article Tracks Arms Trade, Drug Connections

OW2907150694 Tokyo AERA in Japanese 1 Aug 94 pp 10-12

[Article by K. Bernard: "DPRK's Asian Connection: Points and Lines of Weaponry Business"]

[Text] Powerful bombs exploded in Rangoon, the capital of Myanmar (formerly Burma) and 21 people died, including four Republic of Korea Cabinet ministers on a visiting tour. That happened on 9 October 1983.

Enraged at the terrorist incident of North Korean agents apparently making an attempt on ROK President Chon Tu-hwan's life, Chairman Ne Win expelled the DPRK diplomats and severed diplomatic relations with that country. In its place, the ROK was approached and at present, the ROK has become one of the major investing nations in Myanmar.

Since the Rangoon incident and the Korean Air airliner bombing incident over Myanmar in 1987, the center of the DPRK's activities in Southeast Asia seemed to be located in Portuguese Macao. Gambling, money laundering (to destroy the evidence of source), and espionage activities are rampant in Macao, so is most fitting for the DPRK to stage wide-ranging intelligence and clandestine maneuvers there.

British Collaborator in DPRK's Activities in Macao

An unexpected man has helped the DPRK establish its foothold in this Portuguese colony.

He is British man in his mid-fifties by the name of Collin McCauskill [name as published]. His attire resembles that of a schoolmaster of a public school—tweed sport jacket, wool sweaters, and a red bow tie.

Before moving from west London to Macao, urbane and sociable McCauskill had worked for several years for the DPRK as an agent to negotiate liability problems with city financial business circles in London. At first he had no relationship with Asia, but when he went to Vienna, Austria, he had frequent contact with DPRK diplomats and went to Pyongyang a few times. As he said, "I am not a diplomat nor a banker." He was operating a consultation firm.

In the 1970's he began working for the DPRK when he agreed to become its "purchasing agent." Then he became an agent to negotiate DPRK liabilities with foreign banks, mainly in Europe, in the amount of about $1 billion.

In early 1989, McCauskill arranged a secret, top-level meeting between the Morgan Grenfell Bank of England and the Taesong Bank of North Korea.

Although nothing was made public about the results of the meeting, the DPRK opened a semigovernment-controlled travel agency in Macao on 15 April 1991. It is called the Macao Kukje (International) Travel Agency of the Democratic Peoples Republic of Korea," and has the authority to issue tourist visas to the DPRK. But Western intelligence authorities do not think that this office's mission is limited to simple consular works. "The DPRK has long been engaged in unofficial intelligence gathering activities in Macao," said a Western diplomat stationed in Southeast Asia. The DPRK is presumed to have been utilizing Macao as a base for receiving payments for international weaponry transactions and for laundering of underground funds.

The DPRK May Have Obtained U.S.-Made Antiaircraft Missiles

Intelligence sources see Macao as a place for laundering illegal money which Asian underground organizations earn through narcotics transactions in what they call the "Golden Triangle," the amount and source of which is unknown.

The DPRK has long maintained embassies in Vietnam, Laos, Thailand, and Malaysia, in addition to a mission base in Macao.

It is said that the DPRK has a mission base in Singapore for weaponry merchants. Their merchandise list includes Stinger antiaircraft missiles and Western intelligence sources point out the possibility that the DPRK had acquired them in Pakistan. If it is true, the matter is serious for the United States. A considerable number of Stinger missiles the United States supplied to the anti-Soviet resistance force Mujahedeen during the Afghan war disappeared into Asian black markets. The United States attempted to buy more than 1,000 of them back from Afghanistan and others, but succeeded in getting only a handful back.

The DPRK Embassy in Bangkok has been bent on building a strong connection with Thai weapons merchants and it has become conspicuous that many of them are recently flying to North Korea. One of the strangest weapons transactions was conducted by the DPRK in Bangkok in early 1991. The Myanmar Army contacted Thai strongmen for the purchase of 20 million rounds of 7.62mm ammunition for AK-47 rifles (commonly called Khalashnikov]. Thai weaponry merchants turned to the DPRK for the supply.

Considering the friendly relations between Rangoon and Beijing, intelligence sources at first were bewildered why Myanmar did not ask China for the supply of ammunition. At that time, China was one of the major suppliers of weapons to Myanmar.

It was learned later that the ammunition was intended for the armed force of the former Burmese Communist Party in the northeast region of Myanmar. The armed force had been equipped with Chinese weapons during 1967 to 1978. Since the 1989 truce, the Burmese military regime transformed these armed forces to local militia groups and they were in short supply of small firearms.

Intelligence sources assume that China could not be asked for the supply because the former Burmese communist force had been involved in narcotic smuggling in the Golden Triangle and some of the narcotics found their way into China. Another fortunate factor was that the Rangoon incident and the Korean Air bombing incident were becoming dimmer in people's memory.

DPRK Connections With the Golden Triangle

It is widely believed among intelligence sources that several former Burmese communist guerrilla commanders have direct relations with the DPRK.

Well-known among them is a Chinese by the name of Lin Min-xian [name as published], who began participating in the Burmese communist force as a volunteer during the Cultural Revolution in China. He commanded the former communist force in the area bordering China, Burma, and Laos which is noted for poppy production.

Lin is now one of the most rapidly growing narcotic magnates in the Golden Triangle and has strong connections with all of the Burmese military regime, the Chinese border security authorities, and the DPRK.

Several years ago his agent (reports had it, he himself) visited North Korea. Lin's group has invested widely in the banking world in Macao.

Another interesting fact is that an arms merchant for the DPRK has been making frequent appearances in the area controlled by Lin's adversary, Khun Sa one of the well-known narcotic magnates in the Golden Triangle. This information was made available by sources that closely watch over Khun Sa's activities in the Shan Province.

There is no established evidence that transactions have been made. But it is worth noting several unconfirmed reports that Khun Sa has either obtained or is obtaining, via Singapore, U.S.-made Stinger missiles from arms merchants who purchased them in Pakistan.

Laos, controlled by a Communist regime, is the DPRK's other important customer in Southeast Asia. Because the Soviet Union collapsed and most specialists from East Europe went home, Laos is compelled to find other suppliers for its Soviet-made weapons and ammunition, and those who can do maintenance work on East European equipment. In the past several years China made conspicuous advances and the DPRK is chasing it closely.

This June, Laos concluded a treaty on economic cooperation for hydroelectric power generation and forestry with the DPRK. Two months before that, the DPRK was reported to have been examining plans to move 20,000 forestry workers from Siberia to Laos.

Export of labor force is a big source of revenue for the DPRK and it poses no doubt that forest-rich Laos can replace Russia in consideration of the latter's instability.

In early May, Laotian Defense Minister Lt. Gen. Choummali Sai-ngason visited Pyongyang and negotiated purchasing equipment for the Laotian Army.

New in the DPRK's "diplomatic network" in Southeast Asia is a newly built gorgeous embassy in Cambodia's Phnom Penh.

Located near the Independence Monument and on the corner where the residences of Vice Prime Minister Hun Sen and of the Japanese ambassador stand, the DPRK Embassy is a two-story building of colonial style. With a white wall topped by brick-colored roof tiles, it looks like a residence of European millionaires.

DPRK-Produced AK-47's in Cambodia

Friendly relations between President Kim Il-song and Prince Norodom Sihanouk began in 1970 when the prince was ousted by a U.S.-maneuvered coup.

Prince Sihanouk set up a resistance government in exile with the Khmer Rouge (the Pol Pot faction) in Beijing, but spent several months a year in North Korea. The prince always stays at the 40-room mansion Kim Il-song built in the suburbs of Pyongyang with Korean cooks specializing in any food, including French and British cuisine. The prince confides to his close associates, "I like Pyongyang because I can spend days more quietly than in Beijing."

The DPRK was one of the few nations that maintained a diplomatic mission in Cambodia when it was under Pol Pot control in 1975-1978. During those years, the DPRK dispatched specialists to Cambodia to provide the Pol Pot regime technical assistance on agricultural development.

After the peace treaty was signed in Paris in October 1991, the DPRK strengthened its support of Prince Sihanouk. On the prince's return home, the DPRK provided him with 20 bodyguards consisting of competent field officers with the ranks of major and lieutenant colonel of the DPRK Peoples Army.

Now, the prince has become the king and 300 Cambodian guards at his palace in Phnom Penh are armed with brand new AK-47 automatic rifles produced in the DPRK.

Since the UN peacekeeping activities began in Cambodia, this was the first and only confirmed case of foreign-made weapons being supplied to the new government.

It is natural that the DPRK Embassy in Phnom Penh enjoys special status. Intelligence organizations of Asia and the Western world are focusing their attention on this embassy.

The DPRK has a serious lack of foreign exchange to pay for oil imports. In the last half of the 90's, the DPRK and the then Soviet Union agreed to suspend the barter system of trade and switch to settling the trade by foreign currency.

As a result, the payment for imports from the Soviet Union was assessed on the basis of market price and assistance from the Soviet Union was cut off, forcing the DPRK liabilities to mount. In early 1991, the DPRK owed $4 billion to the Soviet Union and the liabilities were steadily increasing thereafter.

The DPRK welcomes any Southeast Asian governments or guerrilla forces that will purchase weapons and ammunition from it in order to pay back these liabilities. Arms sales are lucrative means to earn the most coveted foreign currency.

Narcotic Smuggling Along the Borders With China, Russia

Meanwhile, a large-scale narcotic smuggling case was uncovered along the DPRK border with China, according to U.S. antinarcotic authorities in Washington.

Early this year, a Korean resident in China was arrested for an attempt to smuggle 300 kilograms of heroin from North Korea to China.

Chinese officials in the Yanbian Autonomous Region of the Korean race assume that the narcotic smugglers are utilizing the region as a route to send narcotics to Europe and so on. There are no ways to stop it when the narcotics are transported across the Yalu River at midnight.

Recently, heroin from the DPRK has been discovered in Russia. According to a report in the 16 June issue of the Moscow newspaper SEGODNYA, the Russian authorities on 9 June arrested two Koreans of the DPRK nationality on charges of attempting to smuggle eight kilograms of heroin across the DPRK border into the Russian territory.

It is not clear whether the DPRK itself is involved in the narcotics transactions.

SEGODNYA, however, reported: "Smuggling such a large quantity of heroin from North Korea is impossible without the "intentional tacit approval" of the authorities. The heroin confiscated from the two Koreans of DPRK nationality has a value of $1 million and this kind of crime has come to the surface as the DPRK's economy slackened."

It is not known where the aforementioned heroin was produced—in Southeast Asia or in the DPRK. At this moment, however, there is no evidence that the DPRK is involved in narcotics transactions in Southeast Asia.

Korean Schoolgirl Reportedly Attacked in Japan

SK3007104594 Pyongyang KCNA in English 1028 GMT 30 Jul 94

[Text] Tokyo, July 28 [date as received] (KNS-KCNA)—A Japanese rascal stroke with a leather belt a seven-year-old girl of a primary class of the Korean primary and senior middle school in Ibaraki Prefecture who was waiting for a bus at a bus stop on the morning of July 23, leaving bruises in her neck, according to a media report.

Incensed against this, the school strongly urged the Japanese police authorities to take a serious view of the case and thoroughly investigate the motive of the crime and the hidden circumstances that led up to the case.

Chongnyon Standing Committee Member Departs

SK3007114094 Pyongyang KCNA in English 1113 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—Ho Chong-man, chief vice- chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), who visited the socialist homeland to mourn the death of the great leader President Kim Il-song, left here today.

He was seen off at the airport by Kim Yong-sun and officials concerned.

Before his departure from the homeland, he presented a bouquet of flowers before the bronze statue of the respected leader erected on Mansu Hill and observed a moment's silence with deep reverence, hardening the determination to creditably carry into reality the intention of the fatherly leader in his lifetime, holding the dear leader Comrade Kim Chong-il in high esteem.

Koreans in Japan Urge Independent Reunification

SK2907151394 Pyongyang KCNA in English 1508 GMT 29 Jul 94

[Text] Tokyo, July 27 (KNS-KCNA)—"Kyoto Meeting for Reunification" under the slogan "The compatriot is one, the nation is one and the country is one" was held in Japan on July 17 on the sponsorship of the Kansai Council of the National Alliance for the Country's Reunification (Pomminnyon) and the Executive Committee of Kyoto Meeting for Reunification, according to overseas Koreans' newspaper MINCHOK SIBO July 21.

Speaking at the meeting, O Yong-chun, chairman of the Executive Committee of Kyoto Meeting for Reunification, called upon all the compatriots in Japan to smash the continued discrimination and persecution of the Japanese authorities against Koreans in Japan and achieve the reunification of the country, firmly united as one.

MINCHOK SIBO on July 21 also carried an article of the director of the secretariat of the Japanese regional headquarters of Pomminnyon vowing to achieve national reunification under the banner of the great national unity on the occasion of the fifth pan- national rally slated for this year.

In the article he said that the decisive force to reject the interference and intervention of outside forces and achieve the independent reunification of the country is the internal force of the nation. This is entirely guaranteed by great national unity of forces in the South, the North and overseas for independent reunification, he stressed.

He called upon the members of the organisation to take an active part in the reunification movement to make a success of the fifth pan-national rally and greet 1995 as the first year of reunification.

Japanese Businessman on Impressions of Nation

SK0208110894 Pyongyang KCNA in English 1015 GMT 2 Aug 94

["Illustrious Leader Recognised by the World"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—The cause started by respected President Kim Il-song is being creditably carried into reality by His Excellency Kim Chong-il who enjoys high authority as an illustrious leader recognized by the world, said here Akihiko, head of the delegation of the Japan S.B.B. Company, Ltd.

Giving impressions of Korea, he told KCNA:

"His Excellency Kim Chong-il fully represents the rare wisdom and tender traits of the great president.

"He is a great thinker and theoretician and an outstanding military strategist possessed of the most distinguished leadership art among the contemporary statesmen and rare organising ability to firmly unite the masses in one thought.

"For his great feats for the times and history, he enjoys very high respect among the people.

"The Democratic People's Republic of Korea under his tested and wise guidance will, no doubt, advance without wavering."

Soldiers Meet on PRC Liberation Army Founding

SK3007045594 Pyongyang KCNA in English 0437 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—A soldiers' meeting was held at Kim Il-song Military University Friday on the occasion of the 67th anniversary of the founding of the Chinese People's Liberation Army.

Present there were teachers and students of the university. Chinese Ambassador to Korea Qiao Zonghuai and military attache of the Chinese Embassy Liu Jianhua were present on invitation.

The participants observed a moment's silence to honor the memory of the great leader President Kim Il-song.

Speeches were exchanged at the meeting.

PRC Military Attache Hosts Banquet, Speaks

SK0208055794 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 2 Aug 94

[Text] Liu Jianhua, military attache at the PRC Embassy to our country, hosted a reception on the evening of 1 July at Ongnyugwan on the 67th anniversary of the founding of the Chinese People's Liberation Army [CPLA]. Invited to the reception were Comrade Choe Kwang, chief of the General Staff of the Korean People's Army [KPA]; KPA General Yi Chong-san; Colonel Generals Kim Ha-kyu and Pak Chae-kyong; and other generals and officers; and military attaches of embassies of various countries to our country.

PRC Ambassador Qiao Zonghuai and officials of the Embassy attended the reception.

Military Attache Liu Jianhua delivered a speech at the reception. He stated that the CPLA, which was founded on 1 August 1927, greatly contributed to security and socialist construction in China under the CPC's leadership. He also said that the KPA, which has an excellent tradition, is a revolutionary army that was founded and raised by the great leader of the Korean people Comrade Kim Il-song, adding: Under the leadership of Supreme Commander Marshal Kim Chong-il, the KPA has in recent years stepped up its political and ideological work, enhanced its military and technological strength, displayed the beautiful tradition of Army-people unity, and thus developed into a modernized revolutionary army that is boundlessly loyal to the party and people and that protects and defends Korean- style socialism.

He went on to say: Turning their sorrow over the loss of their leader [suryong] into strength and courage and strongly uniting the Workers Party of Korea [WPK] Central Committee led by Comrade Kim Chong-il [kim chong-il tongjirul subanurohanun] in response to the will of Comrade Kim Il-song, KPA officers and men are continuously marching forward to protect and defend Korean-style socialism and glorify it, and to achieve stable peace on the Korean peninsula.

After noting that China and Korea are intimate neighbors, he said that the relations of friendship and cooperation between the peoples and armies of the two countries have an honorable historic tradition and a strong basis. Saying that the Chinese people and the People's Liberation Army consider the great China-Korea friendship provided by old-generation revolutionaries of the two countries to be very valuable, he stressed that he strongly believes that this friendship forged in blood will shine forever generation after generation.

Comrade Choe Kwang delivered a speech next. He first said that he extends warm [yollorhan] congratulations to the fraternal CPLA officers and men on the meaningful anniversary of the founding of the CPLA.

He mentioned that in the past 67 years, the CPLA, which was founded in the flames of the stern revolutionary struggle, has had a proud militant path, shining with victories and honor. He wished the CPLA officers and men greater achievements in the future work of turning the military into a revolutionary, modern, and regular one under the leadership of the CPC and the Central Military Commission.

He also said that the China-Korea friendship, which the great leader Comrade Kim Il-song provided and nurtured throughout his life, is being fostered brilliantly in Korea under the wise leadership of the dear leader Comrade Kim Chong-il, the supreme leader [choego yongdoja] of our party, state, and revolutionary Armed Forces, adding that he would make continuous efforts to further strengthen and develop this friendship.

He also said that the Korean people and People's Army officers and men, turning their grief over the loss of the respected and beloved leader into strength and courage a thousand fold, had risen like a giant to reunify the fatherland and complete the chuche revolutionary cause, adding: We will win without fail as long as there is the dear leader Comrade Kim Chong-il, who is the great leader [widaehan suryong isin], and as long as there is invincible single-hearted unity among the leader [suryong], the party, and the masses.

The participants in the reception wished that the China-Korea friendship, which the great leader Comrade Kim Il-song considered to be so valuable when alive, will be strengthened and developed. They also wished Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people and supreme commander of the KPA, a long life and good health. He also wished respected Comrade Deng Xiaoping, respected Comrade Jiang Zemin, and other Chinese leaders long life and good health.

O Chin-u Greetings to PRC Defense Minister

SK3107081694 Pyongyang KCNA in English 0807 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—Marshal of the Korean People's Army O Chin-u, minister of the People's Armed Forces, sent a message of greetings to Chi Haotian, minister of National Defence of China, on the occasion of the 67th anniversary of the founding of the Chinese People's Liberation Army [CPLA].

"Since the day of the proclamation of its founding in the flames of the rigorous revolutionary struggle, the CPLA has honorably discharged its noble mission as a revolutionary army and reliably defended the gains of socialism, thus performing undying feats for the country and the people", the message said.

It wished the officers and men of the CPLA greater achievements in the building of socialism and in the efforts for increasing the defence capabilities under the leadership of the Communist Party of China.

The message expressed the belief that the traditional relations of friendship between the peoples and armies of Korea and China will grow stronger and develop day by day.

Congratulations Sent to New Ukrainian President

SK2907105594 Pyongyang KCNA in English 1031 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea Thursday [28 July] sent a message of greetings to Leonid Danilovich Kuchma upon his election as president of Ukraine.

Expressing the belief that the friendly and cooperative relations between Korea and Ukraine would continue to develop in confirmity with the desire of the two peoples, the message wished the president success in his work for the prosperity of the country.

Congratulations Sent to New President of Belarus

SK2907105794 Pyongyang KCNA in English 1032 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea Thursday [29 July] sent a message of greetings to Aleksandr Grigoriyevich Lukashenko upon his election as president of the Republic of Belarus.

Expressing the belief that the relations of friendship and cooperation between the two countries would continue to develop, the message wished the president success in his responsible work.

Kang Sends Greetings to Belarusian Premier

SK3007034994 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 30 Jul 94

[Text] Comrade Kang Song-san, premier of the State Administration Council, has sent a congratulatory message to Mikhail Chigir, prime minister of the Republic of Belarus.

The congratulatory message extended warm congratulations on the national day of the Republic of Belarus.

The congratulatory message emphatically believed that the relationship of friendship and cooperation between Korea and Belarus will further develop in conformity with the wishes of the two countries' people, wishing him great success in his responsible work.

Greetings Sent to Hungarian Defense Minister

SK3007044994 Pyongyang KCNA in English 0429 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—Marshal of the Korean People's Army O Chin-u, minister of the People's Armed Forces, sent a message of greetings to Gyorgy Keleti upon his appointment as minister of defence of the Republic of Hungary.

The message wished him success in his work.

Kim Chong-il Given Gift From Pakistani Premier

SK0208111694 Pyongyang KCNA in English 1040 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and people, received a gift from Benazir Bhutto, prime minister of the Islamic Republic of Pakistan.

The gift was handed today to an official concerned by Shafgat Ali Cheema [name as received], charge d'affaires ad interim of the Pakistani Embassy in Korea.

German Party Leader Meets With Kim Yong-sun

SK3107085894 Pyongyang KCNA in English 0849 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly and secretary of the Central Committee of the Workers' Party of Korea, on July 30 met and had a friendly conversation with Dr. Achim Rohde [spelling of name as received], member of the leadership of the Free Democratic Party of Germany

[FDPG] and chairman of the group of the FDPG in the Nordrhein-Westphalen State Assembly, when the latter paid a courtesy call on him at the Mansudae Assembly Hall.

Present there was Yi Chong-hyok, chief councillor of the Reunification Policy Committee of the Supreme People's Assembly.

The guest arrived here yesterday.

Meets With Kim Yong-nam

SK0208045194 Pyongyang KCNA in English 0427 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—Kim Yong-nam, vice-premier and foreign minister, and Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], separately met Monday [1 August] and had a friendly conversation with Dr. Achim Rohde [spelling of name as received], member of the leadership of the Free Democratic Party of Germany [FDPG] and chairman of the group of the FDPG in the Nordrhein-Westphalen State Assembly.

Greetings Sent to Swiss Confederation President

SK3107090994 Pyongyang KCNA in English 0859 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Otto Stich, president of the Swiss Confederation, on the national day of his country.

The message wished him and his people achievements in the efforts for the prosperity of the country.

Greetings Sent to Jamaican Prime Minister

SK3107091294 Pyongyang KCNA in English 0900 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea Saturday [30 July] sent a message of greetings to Prime Minister P.J. Patterson on the 32nd anniversary of the independence of Jamaica.

The message wished the prime minister and the people of Jamaica great achievements in their work for the prosperity of the country, expressing the belief that the friendly relations between the two countries would continue to develop in the interests of the two peoples.

Pyongyang Sends Greetings to Beninese President

SK3107090794 Pyongyang KCNA in English 0858 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea sent a message of greetings to Beninese President Nicephore Soglo on July 29 on the 34th anniversary of the independence of Benin.

The message expressed the belief that the friendly relations between Korea and Benin will further develop in the interests of the two peoples and wished him and the Beninese people achievements in the efforts for the prosperity of the country.

Kim Chong-il Receives 'Solidarity Messages'

SK0108102594 Pyongyang KCNA in English 1003 GMT 1 Aug 94

[All names are as received]

[Text] Pyongyang, August 1 (KCNA)—The dear leader Comrade Kim Chong-il received solidarity messages on the occasion of the international month for solidarity with the Korean people from Ralahy Paol, chief of the General Staff of the Madagascan People's Army; Mohammad Aslam Malik, secretary general of the Pakistan National Federation of Trade Unions; Kounoutcho Sossah, chairman of the Togolese Association of Social Scientists; the members of the Asian Regional Institute of the Chuche Idea; Sako Mamadou, chairman of the Malian Committee for Supporting the Independent and Peaceful Reunification of Korea; David Kibirango, chairman of the Uganda-DPRK Friendship Association and political advisor to the Ugandan president; and political and public circles of various countries, chuche idea study organisations and the friendship and solidarity organisations.

The messages say the Korean people under the wise guidance of Comrade Kim Chong-il are firmly defending the sovereignty of the country and the dignity of the nation and exalting socialism and express firm support and solidarity for the struggle of the Korean people for national reunification.

From Al-Qadhdhafi, Others

SK0208043994 Pyongyang KCNA in English 0416 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The dear leader Comrade Kim Chong-il received messages of greetings on the occasions of the month of international solidarity with the Korean people and the 41st anniversary of the victory of Korean people in the fatherland liberation war from Mu'ammar al-Qadhdhafi leader of the great September First Revolution of the Great Socialist People's Libyan Arab Jamahiriya; Kwesi Pratt, general secretary of the Popular Party for Democracy and Development of Ghana; Roland Atta-Kesson, national chairman of the National Convention Party of Ghana; Mohamedoun Dicko, secretary general of the Executive Committee of the African Party for the Solidarity and Justice of Mali; Gus Hall, national chairman of the Communist Party of the USA; H.S. Surjeet, general secretary of the Central Committee of the Communist Party of India (Marxist);

and Madhav Kumar Nepal, general secretary of the Central Committee of the Nepal Communist Party (United Marxism-Leninism).

The messages express full support to the Korean people in their just struggle to defend the sovereignty of the country and the dignity of the nation and reunify the country in an independent and peaceful way.

They express the belief that under the leadership of Comrade Kim Chong-il the Korean people will win victory as ever in the struggle against the pressure and interference of the imperialists and their stooges.

Kim Chong-il Thanks Security Forces Soldiers

SK0208103394 Pyongyang KCNA in English 1008 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—Supreme commander of the Korean People's Army [KPA] Comrade Kim Chong-il, the illustrious leader of our party and our people, extended thanks to the soldiers of the Yi In-ku unit of the Korean People's Security Forces [KPSF] and to the commanding officers of the Chon Chun-sik unit of the KPA.

Soldiers of the Yi In-ku unit of the KPSF had actively helped in the building of the Yonghyon revolutionary site in Suan County, North Hwanghae Province, which is associated with the activities of Kim Hyong-chik, an indomitable revolutionary fighter, on the threshold of his 100th birthday.

No Yu-yong and Kim Kye-yang, commanding officers of the Chon Chun-sik unit of the KPA, gave assistance to martyrs' families, disabled soldiers and families who are bringing up orphans, within the unit.

Comrade Kim Chong-il said with high appreciation that their deed, which contributed to strengthening the singlehearted unity of our revolutionary ranks by setting an example of communistic traits, was a good practice and that they were model soldiers of our era in displaying the traits of the revolutionary Army.

Anniversary of Park Sponsored by Kim Chong-il

SK3007150694 Pyongyang KCNA in English 1501 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—This year marks the tenth anniversary of the opening of the Kaeson Youth Park at the foot of scenic Moran Hill in Pyongyang.

It opened in July 1984. The visitors to the park in this period total more than 8 million.

The park was built under the loving care of the dear leader Comrade Kim Chong-il for the citizens.

The dear leader chose the site of the park near the time-honored Kim Il-song Stadium and the Arch of Triumph, formed a building collective and sent modern fun fair facilities.

Calling at the park in June 1984, he gave answers to all questions including the management and operation of the park, deeply satisfied with the successful progress of the building of the park. when it was completed he named it Kaeson Youth Park.

The park with a plottage of more than 400,000 square metres was successfully built in one year and more. It has a park and a recreation ground.

Covered with green foliage and flowers, the park has modern recreation facilities, public service facilities, hills of rocks of grotesque shapes and a three-stage waterfall and a neat pavilion.

There are modern parks and recreation grounds in Mt. Taesong, Munsu Street and other places of Pyongyang.

20 Years of Kim Chong-il's Chuche Slogan Viewed

SK0208111294 Pyongyang KCNA in English 1039 GMT 2 Aug 94

["Glorious 20 years of Progress Under Slogan of Modelling Whole Party on Chuche Idea"—KCNA headline]

[Text] Pyongyang, August 2 (KCNA)—NODONG SINMUN today carries an editorial upon the lapse of 20 years since the dear leader Comrade Kim Chong-il published a work on modelling the whole party on the chuche idea on August 2, 1974.

20 years ago, the dear leader set the slogan of modelling the whole party on the chuche idea, which marked a signal event in occasioning a great turn in the building of our party, says the editorial.

It quotes Comrade Kim Chong-il as saying:

"Looking into the future of its development and the revolution our party laid down the strategic policy for transforming the whole society in line with the chuche idea and, as its precondition, strove to accelerate the modelling of the whole party on the chuche idea."

The editorial further says:

In the work Comrade Kim Chong-il defined the modelling of the whole society on the chuche idea as the general duty of our party work and unfolded a grand blueprint for imbuing the whole party with the chuche idea as its precondition. He also fully indicated tasks to strengthen the ranks of the party and the revolution and enhance the leadership role and function of the party in compliance with the requirements of the developing revolution.

Modelling the whole party on the chuche idea is a historical cause of strengthening and developing our party forever to be the party of the great Comrade Kim Il-song, its founder.

It is a big achievement registered in the efforts for the modelling of the whole party on the chuche idea that the party's blood has been kept pure and the party perfectly renewed its appearance as a revolutionary party of chuche.

Our party's blood of chuche means the idea and theory of the great Comrade Kim Il-song, his revolutionary feats and experience of struggle and the working method of his style. While vigorously advancing under the slogan of modelling the whole party on the chuche idea, our party has strengthened and developed to be a tested staff of our revolution that has definitely ensured leadership over the whole society.

The greatest victory won in the worthwhile efforts for modelling the whole party on the chuche idea is that the issue of the continuity of leadership has been successfully solved so that the party's cause can be accomplished.

Our party and people have long held Comrade Kim Chong-il in high esteem as the great successor to the revolutionary cause of chuche and the illustrious leader of our party. Over the past two decades, a close political and ideological unity around Comrade Kim Chong-il has been achieved and the sameness in ideology and leadership definitely ensured.

Today our party members and working people are entrusting all their destiny entirely to the party and their leader, calling the Workers' Party of Korea led by Comrade Kim Chong-il the mother party. And they are now determined to make the rigorous revolution to the end, following the party.

The great victory and achievements made in the cause of the party building over the past two decades were possible under the outstanding and tested guidance of Comrade Kim Chong-il, the illustrious leader of our party.

He, with an extraordinary intelligence, worked out strategy and tactics and clearly indicated the concrete tasks and ways to dye the whole party with the chuche idea. He has also given comprehensive answers to all the questions of principle arising in the building of our party in each period of the revolution and construction.

We must make a new advance in the accomplishment of the cause of modelling the whole party on the chuche idea, always mindful of the behests of the great leader Comrade Kim Il-song to give priority always to the strengthening of the party, the staff of the revolution, thus constantly strengthening and developing our party to be a great revolutionary party of chuche that is always shining with his august name.

Kim Chong-il's Efforts for Reunification Cited

SK2407104994 Pyongyang Korean Central Broadcasting Network in Korean 2338 GMT 22 Jul 94

[Unattributed talk: "In Order To Expedite Reunification of the Fatherland"]

[Text] The dear leader Comrade Kim Chong-il has pointed out: Although great obstacles and difficulties are laid on the road to national reunification, we do not take a pessimistic view on the issue of national reunification. The prospect for resolving the issue of our country's reunification is optimistic.

History of division of the nation and people, which began in the mid-forties by outside forces, still persists even in the nineties, going through the eighties.

It is a supreme national task, which should not be delayed even a moment, and is a long-cherished, unanimous desire of all fellow countrymen to reunify the divided fatherland and to link the severed people's bloodline.

The dear leader Comrade Kim Chong-il, who personally cherishes [hanmome chinisin] such a national desire of our people, has carried out energetic activities to realize the great leader's idea to achieve the cause of national reunification at an early date in our generation.

Whenever the great leader put forward new policies, strategies and tactics for national reunification, the dear comrade leader wisely led the work to embody them.

In 1971, the great leader put forward a new policy for national reunification. At the time, the great leader put forward a national reunification policy comprising eight articles, and expounded a new, broad-range negotiation policy which expressed the will to discuss national reunification issue at any time with all political parties, including the ruling party, public organizations, and individual figures in South Korea.

The dear comrade leader saw to it that justness of the new negotiation policy put forward by the great leader was broadly propagandized at home and abroad through communications means and broadcasts. Furthermore, the dear comrade leader saw to it that various political parties and public organizations in the northern half sent letters to each political party and public organization in South Korea, and issued statements.

As the spirit for national reunification was enhanced throughout the country, the South Korean authorities reluctantly responded to dialogue by proposing North-South Red Cross talks to seek separated families. This was indeed too far away from political negotiations to resolve the national reunification issue.

However, the dear comrade leader led so that the Red Cross talks, during which the delegates from the North and the South sat together for the first time since the division of the nation to discuss the nation's internal issue, were operated properly.

One day in October of the same year, the dear comrade leader called relevant functionaries and saw to it that they also pay attention to political talks with the South Korean authorities.

Since that time, contacts of liaison delegates for high-level political talks were held between the North and the South separately from Red Cross preliminary talks. In May 1972, director of the Central Intelligence Agency came to Pyongyang representing the South Korean side.

As progress was seen in the North-South high-level political talks, the dear comrade leader directed a deep attention to the issue for the North and the South to prepare a joint statement based on the three principles and to announce it to the world. He took care [posalpisyossumnida] of the issue so that it could be achieved.

When the delegates from the North and the South sat together to prepare a draft of the joint statement, the dear comrade leader called relevant functionaries and stressed that not only the people in the northern half but also all the people in the South are watching them. He then asked them to carry out work with an open mind, and a generous and capacious mind [aryang innun poyongryok], and sincere persuasive power.

By seeking a common point as taught by the dear comrade leader, the delegates of our side finally reached a complete agreement on preparing a joint statement which assumed as its key point the three principles for national reunification put forward by the great leader and which reflected the issue of forming a coordination committee to handle the national reunification issue.

As a result, the first breakthrough was opened in barriers between the North and the South, which have been separated from and closed to each other [kyokpye toetton] for nearly 30 years, and the renowned the North-South joint statement, which provided a foundation for national reunification, was solemnly announced at home and abroad on 4 July 1972.

With the announcement of the 4 July North-South joint statement, the whole nation was overflowing with deep emotion and joy. However, such emotion and joy have not lasted long.

Because of treacherous acts of the national splittists, grave obstacles were laid again on the road toward national reunification, and North-South dialogue, which proceeded amid great interest of the entire nation, fell into a deadlock.

Nevertheless, the dear leader Comrade Kim Chong-il sought [mosaek hasyossumnida] means to resume the dialogue, which fell into a deadlock, at any cost with more persistent patience.

One day in July 1972, the dear comrade leader called a certain relevant functionary, and elucidated a method for again pushing for North-North dialogue. This was the way for overcoming the deadlock in North-South dialogue and for opening a new phase in national reunification.

Thanks to the wise teachings and energetic leadership of the dear comrade leader, the first round of full-dress talks of North-South Red Cross organizations, which were dragged on for nearly one year, raised its curtain. Besides, following this, the delegates of the North and the South again mutually visited Pyongyang and Seoul to attend conferences of co-chairmen of the North-South Coordination Committee.

Although many obstacles and difficulties were created in resolving the reunification question, our people made all possible, sincere efforts to expedite national reunification under the leadership of the dear comrade leader, the lodestar for reunification.

All ideas and activities of the dear leader Comrade Kim Chong-il are always linked with the cause of national reunification, our people's greatest desire. Thanks to his unswerving faith and will to crush the barriers of division without fail, the days of reunification are coming nearer and closer.

Kim Chong-il's Leadership for Unity Hailed

SK2407130294 Pyongyang Korean Central Broadcasting Network in Korean 0400 GMT 24 Jul 94

[Unattributed talk: "To Further Strengthen Our Single-Hearted Unity"]

[Text] The dear leader Comrade Kim Chong-il noted: Today, our party is in blood relations with the masses and is absolutely supported and trusted by the masses in all classes and strata. Our people entrust their destinies entirely to the party and are struggling on the road indicated by the party, without wavering. Our party, which has formed a perfect whole [honyon ilche] with the masses, is invincible, and no force can break the blood relations between our party and the masses.

Our single-hearted unity, whose foundation [chosok] was prepared by the respected and beloved leader Comrade Kim Il-song in the thick forest of Mt. Paektu, has been strengthened by severe storms in the course of the revolution. Our single-hearted unity has now stepped on a higher stage, thanks to the dear leader Comrade Kim Chong-il's seasoned leadership.

In the mid-eighties, the dear comrade leader penetrated keenly into the development of our revolution, which had entered a higher stage represented by the struggle to model the entire society after the chuche idea, and into the stream of situation at home and abroad; enhanced the party's leadership role [yongdojok yokhal]; and wisely led the struggle to further strengthen the single-hearted unity among the leader, the party, and the masses. He gave priority to firmly strengthening the ideological foundation for unity and cohesion [tongil tangyol] and had the party's ideological indoctrination be actively carried out for party members and working people.

In a meeting of the party's Secretariat held in October 1985, the dear comrade leader gave programmatic teaching [kangnyongjok karuchisim] to improve the party's ideological indoctrination in accordance with the demand of the developing realities and elucidated tasks arising in the course of strengthening the indoctrination on principles of the chuche idea, indoctrination on revolutionary traditions, class indoctrination, and indoctrination on socialist patriotism.

In his dialogue with responsible functionaries of the party Central Committee in July 1986, published in a book entitled "On Several Problems in Indoctrinating the Chuche Idea," elucidated principled problems arising in the course of intensifying the indoctrination on the chuche idea.

As the indoctrination the chuche idea has been intensified, our party members and working people have come to be united even more firmly around the party and the leader, holding the great leader's revolutionary idea, the chuche idea, as the only faith.

The dear comrade leader has also shown his deep interest in hardening the solidarity between the party and the masses to strengthen our single-hearted unity. Whenever our advancing revolution is faced with new, heavy tasks, he established a new work system for functionaries to mingle with the masses and embodied the great leader-style work method and the anti-Japanese guerrillas- style work method, thus leading the masses to unite around the party and the leader.

One day several years ago, the dear comrade leader said in a meeting with functionaries: It is impossible to accomplish the massive cause of modelling the entire party and society after the chuche idea and of firmly uniting the popular masses around the party, unless functionaries mingle with the masses. The dear comrade leader continued: Our party is carrying out the revolution, relying on the people's strength. Our party functionaries are genuine mothers who lead the masses while eating and sleeping with the popular masses.

He then warmly encouraged the people, saying: Now a policy and a new work system has been established. Let us vigorously run on this excellent, brave horse.

As functionaries established a trait of working while mingling with the masses, thanks to the dear comrade leader's teaching, the popular masses' support for and trust in the party have been amplified and the party's leadership has been realized even better. In this course, the traditional virtue of forming a perfect whole of the party and the masses has been firmly established by the party trusting the people and relying on their strength, and the people trusting the party and faithfully upholding the party's leadership.

By executing politics of benevolence and trust [indogui chongchi midumui chongchirul pepusio], our dear leader Comrade Kim Chong-il has firmly united the masses of various classes and strata, including workers, farmers, and intellectuals, around the party and the leader.

On 1 January 1990, when all the people across the country were greeting the first (?year) of the nineties, filled with new faith and resolution, the dear comrade leader called functionaries in and said: Functionaries who faithfully serve the people and are supported and beloved by the people can be called genuine chuche- type party functionaries. He then stressed: The slogan of our party functionaries should be "Serve the people."

Endless is the story about the love and consideration that the dear comrade leader, who considers the idea "Serve the people like the heaven" as a motto, has extended to our people for their happiness and worthy lives.

Our party's great trust in the popular masses, its spirit of devotedly serving them, its endlessly successive people-oriented policies, and its warm interest and consideration extended equally to each work site and home and to everybody are amplifying the popular masses' absolute trust in the party and the leader and linking the party and the people even more firmly in a single blood line [hanaui hyolmaeguro].

The slogan of loyalty "We will do what the party decides," which is ringing at every site of socialist construction today, is our people's faith and pledge from the bottom of their hearts.

Invincible is the strength of our people, who are faithfully upholding the dear leader Comrade Kim Chong-il's leadership, bearing the faith and will that we will do what the party decides, and vigorously singing the song "Only with you, we will win."

Our people, who are in a irresistible sorrow over the death of the great leader, will turn the sorrow into strength and courage and consolidate the firm single-hearted unity that was established by the dear comrade leader's efforts and elbow grease without sleep [pulmyonui nogowa simhyol]. By doing so, they will brilliantly consummate the chuche revolutionary cause. (endall) 240400 mp/ramirez/KMP26247.04/dr612407.08/ak 24/ 1306z Jul BT #0975 NNNN

Kim Chong-il's Work To Develop Party Honored

SK2507132894 Pyongyang Korean Central Broadcasting Network in Korean 0000 GMT 24 Jul 94

[Unattributed talk: "Immortal Achievements in Strengthening and Developing Our Party Into a Chuche Revolutionary Party"]

[Text] Today the Workers' Party of Korea [WPK] has grown and strengthened to be a chuche revolutionary party, an ever-victorious, invincible revolutionary party. The WPK is excellently fulfilling its mission and duties as the general staff [chammobu] of the revolution today because the dear leader Comrade Kim Chong-il has strengthened and developed our party founded by the great leader into a chuche revolutionary party.

The dear comrade leader gave complete answers to theoretical and practical problems arising in the course of building a party of the working class by publishing many immortal classic works during the entire course of leading the revolution and construction, and has led the party building cause to the brilliant victory with his extraordinary and seasoned leadership.

The great leader Comrade Kim Il-song taught: Our party has firmly adhered to principles on building a revolutionary party and has thoroughly embodied them in the party building and party activities, so that it could explore a new way of party building and could strengthen and develop our party into today's chuche revolutionary party.

The wise leadership of the dear leader Comrade Kim Chong-il, who has strengthened and developed the WPK into the chuche revolutionary party with invincible might, is evinced by the fact that he presented a policy on modelling the entire party after the chuche idea, in accordance with the demand of the inevitability of development of the party [tang palchonui happopchikchok yogue makke], and has energetically led the struggle to realize it.

Modeling the entire party after the chuche idea is a revolutionary party building program [kangnyong] to eternally strengthen and develop the WPK into a chuche revolutionary party by making all party members, who form the party, enthusiastic chuche-type revolutionaries, by firmly preparing party ranks, and by carrying out the party work and party activities [tang saopkwa tang hwaltong] in accordance thoroughly with the demand of the chuche idea and chuche theories and methods.

Modelling the entire party after the chuche idea is the general object [chongjok mokpyo] of the WPK building, and strategic tasks, missions, and methods of our party building are comprehensively expressed in it.

The dear leader Comrade Kim Chong-il has wisely led the sublime struggle to model the entire party after the chuche idea and has made great achievements in implementing the party building cause. One of the most important achievements by the dear leader Comrade Kim Chong-il in strengthening our party is that he has firmly prepared party ranks as a rank of chuche-type revolutionaries by raising all party members to be elements who inherit the revolution [hyongmyongui chonsu punja].

Considering it a basic line of the party building to firmly establish the party's unitary ideological system [yuil sasang chegye], the dear comrade leader made all party organizations adhere to this work and constantly intensify it.

As the party's unitary ideological system has been established under the dear leader Comrade Kim Chong-il's wise leadership, all party members have come to be more firmly armed with the chuche idea, and the chuche-idea system has been firmly established in the party.

The dear leader Comrade Kim Chong-il defined the basic mission, contents, and methods of the party's ideological work in a unique way, in accordance with the new demand of developing realities for modelling the entire society after the chuche idea, and has energetically led the work. By doing so, he has raised all party members to be elements who inherit the revolution.

As a new turnabout was effected in the party's ideological work under the dear comrade leader's wise leadership, the party has come to be filled with the revolutionary trait of always, death-defyingly defending and protecting the party and the leader politically and ideologically, and of implementing party lines and policies unconditionally to the last, going through fire and water, bearing faithfulness as a revolutionary faith and sense of duty.

Another important achievement made by the dear leader Comrade Kim Chong-il in strengthening our party is that he has realized the party's unity and cohesion in ideology and will [tangui sasang uijijok tongilgwa tangyol] at the highest level. To realize the party's unity and cohesion is the key task for revolutionary party building and is an important matter that influences the party's destiny and the success of the revolution.

Always giving priority to strengthening the party's unity and cohesion in the course of party building, the dear leader Comrade Kim Chong-il has brilliantly realized it, upholding the banner of unity.

The unity and cohesion achieved by the WPK is invincible. It is complete and unconditional unity in ideology, will, and action achieved by upholding the great leader and the dear comrade leader at the center of unity. With this great unity and cohesion, the WPK is vigorously leading the chuche revolutionary cause as the vanguard unit of the revolution.

It is also the dear leader Comrade Kim Chong-il's achievement in strengthening our party that he has thoroughly established a revolutionary work system and iron-firm discipline in the party. It is an important, principled demand in building a revolutionary party to establish an orderly revolutionary work system and iron-firm discipline in the party.

The dear comrade leader considered the establishment of a revolutionary party work system as one of the basic problems in enhancing the party's militant functions and role and firmly establishing iron-firm organizational discipline in the party, and brilliantly solved this problem.

It is a principled problem in building the working class party to constantly improve work methods in conformity with the new party work system. The dear comrade leader presented a unique policy on adhering to the work with people as the core of party work and let all problems arising in the course of party building and party activities be solved through work with people, and organizational and political work.

The dear leader Comrade Kim Chong-il enabled the great leader's ideas and leadership to be brilliantly realized in party work and activities by thoroughly embodying the chuche-oriented work method and the great leader-type work method created by the respected and beloved leader Comrade Kim Il-song.

With deep interest in establishing an anti-Japanese guerrilla-type work method in the entire party, the dear leader Comrade Kim Chong-il has energetically guided party organizations and functionaries to constantly improve their work methods.

As a result of the establishment of an anti-Japanese guerrilla-type work method, the revolutionary working method of going down to the producing masses, with a sack on one's shoulder, to find a correct method to implement assigned tasks, to solve problems with them, and to set out work in a big and audacious way while working and living with them, like commanders of anti-Japanese guerrillas, has been established in the party. Thus, the party has come to have a new appearance, and the party work method and working methods have fundamentally been changed.

In the whole course of leading the revolution and construction, the dear leader Comrade Kim Chong-il has always considered strengthening the party as the key to victory of everything and has accumulated brilliant achievements in implementing the party building cause by strengthening the party organizationally and ideologically.

It is the proudest victory of our party building cause that the problem regarding succession of the party's revolutionary cause has brilliantly been solved. In the course of modeling the entire party after the chuche idea, the party leadership [tangui sunoebu] has been firmly prepared to succeed to our party's ideology and leadership; the party's organizational and ideological ground has been hardened as a rock; and the party's leadership system has been established. Thus, our party has been further strengthened to be the most authoritative, great party with absolute dignity.

Thanks to the extraordinary and seasoned leadership of the dear leader Comrade Kim Chong-il who is indeed glorifying the chuche party building cause generation after generation, today our party has been strengthened and developed into an invincible, chuche revolutionary party. This is the greatest achievement that the dear leader Comrade Kim Chong-il accomplished for the times and the revolution.

Kim Chong-il Described as Brilliant Commander

SK2507134094 Pyongyang Korean Central Broadcasting Network in Korean 0500 GMT 25 Jul 94

[Unattributed talk: "Pride and Happiness in Upholding the Great and Brilliant Commander"]

[Text] The great leader Comrade Kim Il-song has taught: Comrade Kim Chong-il has indomitable will, courage, predominant cleverness, and tactics worthy of a supreme commander of the revolutionary armed forces. Herein lies a guarantee for constant strengthening and development of our revolutionary armed forces and for all victories.

The respected comrade supreme commander was born in a plain house in the Paektu forest. He grew up amid gunshots in the great anti-Japanese battlefield, hearing them as a lullaby, and learned military wisdom and knowledge in the operational room in the supreme headquarters and amid fierce flames of war during the period of the arduous fatherland liberation war.

In his early days of youth, the dear comrade leader deeply researched and learned from immortal works that contained the chuche-oriented military ideas of the great leader. He acquired wisdom, courage, bold spirit, and noble traits to cherish as the outstanding and brilliant commander in the course of carrying out activities to assist the leader [suryong].

To what can we compare our great pride in upholding him in the supreme position of our revolutionary armed forces?

The contribution one has made in the cause of building the Army—the revolutionary cause of the working class—is a basic factor characterizing greatness of the leader [yongdoja], because the greatness of the leader is intensively expressed in achievements made before time and mankind.

Our comrade supreme commander—ever-victorious, iron-willed commander—is a great man of extraordinary caliber who made great achievements in accomplishing the chuche-oriented cause of building the Army with energetic ideological and theoretical activities and with tested leadership.

With energetic ideological and theoretical activities, he formalized military ideas and theories of the great leader into chuche-oriented military science, and comprehensively systematized its contents and structure, thus deepening and developing it constantly.

It is not work that can be done by anyone to formalize in a scientific manner, and to deepen and develop the military ideas and theories put forward by the leader [suryong]. This work can be accomplished brilliantly only by the successor to the leader who has outstanding ideological and theoretical wisdom and who is unswervingly loyal to the leader [suryong] and to the leader's cause.

Cherishing loyalty to the great leader as firm faith, the dear comrade leader comprehensively elucidated all problems raised in building of the military and its activities based on the principle of the position and role of the leader, including the essence of revolutionary war and factors for victory in this war; characteristic of modern warfare; inevitability of building self- reliant national defense, and the method of deployment of armed struggle and its tactics.

Thus, he brightly expounded the direction and methods for resolving military questions of our era with outstanding wisdom and energetic ideological and theoretical activities. By vigorously leading chuche-orientation of the entire army, he constantly strengthened and developed our People's Army into revolutionary armed forces of our party.

It is a basic issue in defending the revolutionary character of the Army and in making the Army fulfill its historic mission and duties to strengthen and develop the Army of the working class into the Army of the leader [suryong] and of the party.

The dear comrade leader is the great leader [yongdoja] of our party and people and is an ever-victorious iron-willed brilliant commander. He saw to it that the party's unitary ideological system be firmly established within the People's Army, and that the leader's [suryong] ideas and unitary nature of his leadership be firmly ensured in the entire Army.

As a result, our People's Army has been further strengthened and developed into the ranks with single-hearted unity based on loyalty to the party and to the leader [suryong].

The respected comrade supreme commander led so that the policy of converting the entire Army into a cadre army and the policy for modernization of the entire Army would be thoroughly implemented. Thus, he fostered all soldiers into one-a-match-for-one-hundred fighters with chuche-oriented tactics, excellent marksmanship, rich military knowledge and strong physical strength.

Without the wise leadership of the comrade supreme commander, the ever-victorious iron-willed commander, we cannot think of reliable soldiers of our People's Army, which has been fostered into a strong invincible army, and of modern arms and equipment of our People's Army built based on self-reliant national defense industry.

A certain poet wrote a poem to express his deep emotion and joy for upholding the dear leader Comrade Kim Chong-il in the supreme position of our revolutionary armed forces as follows:

Oh, Comrade Kim Chong-il is an ever-victorious, courageous commander who has realized tactics of modern warfare based on tactics of anti-Japanese war in which 1 million-strong Japanese imperialist enemies were crushed.

Oh, Comrade Kim Chong-il, the iron-willed commander, you turned even a root of grass and a tree on this land into a stronghold, and made Korea one-a-match-for-one-hundred nation by fostering all 10 million people.

It is a highest honor given by history to uphold Comrade Kim Chong-il, supreme commander.

Oh, may the hymn fill heaven and the earth and may the song of praising him resound across the universe.

The song of praising him and upholding him resounding from across the entire world will echo forever with time.

Overflowing with glory and happiness of the nation in upholding the great iron-willed commander, our people are loudly singing this song from our hearts with great national pride.

We salute Marshal Kim Chong-il, the supreme commander. We salute to him, we salute to him!

Kim Chong-il Hailed for 'Our Own Socialism'

SK2907051094 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 26 Jul 94

[Unattributed talk: "To Further Glorify the Popular Mass-Centered Socialism of Our Own Style"]

[Text] The dear leader Comrade Kim Chong-il has indicated: Today the imperialists and reactionaries are viciously plotting to terminate [malsal] socialism, but our socialism is constantly advancing on its own way without the slightest faltering despite their vicious offensive and slander. Progressive people throughout the world have expressed their admiration for the consolidation and invincibility of our socialism.

Because the dear leader Comrade Kim Chong-il has brilliantly elucidated the future road we should embark upon, popular mass-centered socialism of our own style has vigorously advanced without the slightest faltering, despite the imperialists' anti-socialism storm.

The dear comrade leader has scientifically analyzed the complicated world political situation and has wisely led a struggle to further consolidate and develop the popular mass-centered socialist system of our country.

One day in December, when the first year of the 1990's was fading, the dear comrade leader, who summed up the yearly achievements gained by our party and people in their revolution and construction, called upon responsible functionaries of the party Central Committee and spent some time with them.

Whenever he met with functionaries, he presented new lines and policies which would be programmatic guidelines in the struggle to consummate the chuche revolutionary cause, and offered a scientific solution to the problems of implementing them. By so doing, he led our party and people to continuously effect an upsurge in the revolution and construction. The functionaries, who were always moved by such outstanding and seasoned leadership of the dear comrade leader, looked up at his dignified appearance that day with a feeling of a great expectation and hope.

After seeing the functionaries' excited appearance, the dear comrade leader began to analyze political situations in the international arena, pointing out that socialism of our own style is vigorously advancing along the single road of victory without the slightest faltering under any difficult circumstance. Its superiority and vitality are being fully displayed. Along with this, he logically proved where the fundamental cause of our country's socialism lies, which is boldly advancing today along the central road of an independent era.

The dear comrade leader has added that many have said over the past years the superiority of socialism can be differently displayed depending on their own guiding idea. The functionaries, who newly became aware of the revolutionary truth that the superiority of socialism can be determined by the guiding idea they are depending on, were greatly and boundlessly moved. This is because the natural principle of "where is the source of the vitality and might of the socialism" penetrated into the hearts of every functionary, just like sunlight illuminates the dark.

After a while, the dear comrade leader stressed that because times were changing and each country had its own specific situation, if we regarded existing experiences as absolute and accepted and recognized them dogmatically, we would not be able to correctly build socialism.

Through such remarks the functionaries felt with heated emotion the greatness of the wise leadership of the dear comrade leader who had led the revolution and construction to the single road of victory by identifying the chuche idea as the only guiding ideology of socialist construction and by presenting the immortal slogan, "Let Us Live Our Own Way."

Saying that not a small number of countries failed to pay due attention to ideological reform work, believing that only if social-economic relationship is transformed in a socialist way and only if the conditions for people's material life are improved, people's ideological consciousness can be reformed spontaneously, the dear comrade leader came to the sagacious conclusion that this is precisely the major cause of the trials that some countries are undergoing today.

Hearing the dear comrade leader's remarks on the fundamental cause of our incomparably powerful and mighty socialism the functionaries came to recall with deep emotion an event which took place one day in late-September 1987.

That day the dear comrade leader, giving a profound theoretical elucidation to the inevitablity of the ruin of the capitalist system, stressed that to achieve the victory of the revolution it is imperative to firmly build the main force of the revolution.

This was a programmatic guideline which encouraged the faith that socialism advancing the revolution, relying on the popular masses and breaking through all sorts of difficulties and barriers lying before the revolution, is ever-victorious and invincible.

Thanks to this guideline, it has been possible for our people to vigorously wage the work of carrying out our chuche revolutionary cause with the firm faith in the victory of socialism of our own style, irrespective of any storms and winds in the world.

The dear comrade leader taught the reactionaries a unique ideology on the guiding ideology of socialism in a theoretical way in a bid to more deeply inculcate the invincivility of socialism of our own style upon our people and to bestow more firm faith in and optimism about it upon them.

Later, he also continued to pay deep attention to further consolidating and developing socialism of our own style centered on the popular masses.

It was on 5 May 1991, when the struggle of our people and youth for socialist construction became more active and the world's attention was further focused on our country. That day, too, the dear comrade leader met again with responsible functionaries of the party Central Committee. At the meeting, the dear comrade leader issued a historic statement entitled "Socialism Of Our Own Style Centered on the Popular Masses Is Ever-Victorious and Invincible" in an effort to further consolidate and develop socialism of our own style.

In the statement, noting with dignity that our country's socialism is vigorously advancing along its road without the slightest degree of faltering despite the vicious maneuvers of the imperialists and reactionaries to obliterate socialism, he stressed that the source of the ever-victorious and invincible might of socialism which reflects the popular masses' desire for independence and the demands of the times lies precisely in the popular masses' support for and confidence in socialism and that it is precisely the singlehearted unity of the leader, the party, and the masses achieved by the great leader's [widaehan suryong] boundless love toward the people.

That day, the functionaries deeply realized again that with the singlehearted unity of the leader, the party, and the masses socialism of our own style centered on the popular masses has a mighty, powerful, and great vitality.

Indeed, the dear comrade leader's historic work, "Socialism of Our Own Style Centered on The Popular Masses is Ever-Victorious And Invincible," was the immortal banner that he set before the ranks of victorious advance of the socialist cause. It was also a brilliant [word indistinct] that had elucidated the correct road for building a new society before the people seek independence.

Today, our people are filled with the firm determination to defend and glorify socialism of our own style centered on the popular masses to the end. Socialism of our own style centered on the popular masses which was established by the great leader and which has been wisely led by the dear leader Comrader Kim Chong-il and will meet its historic day of complete victory without fail.

'More Than 5 Billion' Mourned Kim's Death

SK0108052594 Pyongyang KCNA in English 0513 GMT 1 Aug 94

[Text] Pyongyang, August 1 (KCNA)—World population of more than 5 billion on the five continents expressed deepest condolences on the death of the great leader President Kim Il-song.

Messages of condolence came from the heads of state and government of over 120 countries in Asia, Africa, Europe, America and Oceania and the leaders of more than 400 political parties in 170 countries.

The heads of state and government expressed condolences in the name of the peoples of their countries and the party leaders in the name of their party members.

Incumbent and former heads of state and government of countries which have no diplomatic relations with the DPRK and foreign party leaders who differ from us in idea and political view expressed condolences of the peoples of their countries and their party members through statements and messages.

Foreign governments, political parties and organisations called emergency or extraordinary meetings and released communiques or joint statements to express condolences.

Periods of mourning were set in many countries around the world and the flags hung at half-mast at main buildings and the flags were also hung at half-mast at the UN headquarters building and international and regional organisations.

Foreign state and government leaders, party leaders and public figures called at the missions of the Democratic People's Republic of Korea in their countries, laid wreaths beneath the portraits of President Kim Il-song and observed silent tributes.

The people of the five continents expressed the firm belief that the revolutionary cause of chuche, the human cause of independence, which was started by President Kim Il-song and led by him all his life would be creditably accomplished by Comrade Kim Chong-il, the illustrious leader of our party and our people.

Groups Praise 'Immortal Feats'

SK2807103194 Pyongyang KCNA in English 1010 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—Foreign high-ranking officials are speaking highly of the immortal feats performed by the great leader President Kim Il-song on his death.

Ali Hassan [spelling of name as received], general secretary of the Supreme Council of the Nationalist Socialist Party of Syria in Lebanon, released a statement on July 18.

Noting that the respected leader Comrade Kim Il-song was a great leader of the liberation movement in the present era and the symbol of victory for all the revolutionary, progressive and socialist forces in the world, he said Comrade Kim Il-song will be alive forever in the hearts of all the progressive forces of the world.

The Arab Islamic Democratic Movement of Jordan said in a letter of condolence July 16 that the great his excellency Kim Il-song made efforts until his last moments, to reunify the country divided by the aggressors and that he devoted his whole life to the struggle for the liberation, dignity and prosperity of Korea

The Panamanian Group for the Study of the Chuche Idea and the Association of Professors of the Panama University in a joint letter of condolence July 14 said that President Kim Il-song made a great contribution to the development of the scientific world outlook of the working class by founding the chuche idea and that he emerged as the great leader of the third world.

Amaral Matos [spelling of name as received], first secretary of the Maputo City Committee of the Frelimo Party of Mozambique, released a statement on July 18.

Saying that the immortal feats performed by President Kim Il-song for the Korean revolution and the world revolution will shine long in history, he declared that the

Korean revolution is making a long drive under the guidance of dear General Kim Chong-il.

Foreign Papers Carry Biography

SK2907042694 Pyongyang KCNA in English 0413 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The brief biography of the great leader President Kim Il-song was carried by the Madagascan paper IMONGO VAOVAO.

The paper said:

Comrade Kim Il-song was the head of state with the longest record and an elder statesman of the world. As he founded the chuche idea and shaped politics of love for the popular masses, he enjoyed respect and reverence as the great leader of the people.

The Korean people are now in deepest grief at the loss of their great leader.

We believe that the Korean people will register greater achievements in socialist construction under the guidance of the illustrious leader Comrade Kim Chong-il, holding him in high esteem.

The brief biography of President Kim Il-song was carried also by the Nigerian papers OBSERVER and DAILY CHAMPION, the Nicaraguan paper AVANCE, the Yugoslav papers POLITIKA, POLITIKA EXPRESS and VECERNJE NOVOSTI.

Norwegian, British Papers, etc.

SK3107081194 Pyongyang KCNA in English 0802 GMT 31 Jul 94

[Text] Pyongyang, July 31 (KCNA)—The brief biography of the great leader President Kim Il-song was reported by the Norwegian paper KLASSE KAMPFEN, the British paper THE NEW WORKER, the Kazakh paper RIK [spelling as received], the U.S. paper PEOPLE'S WEEKLY WORLD, the Iranian paper TEHRAN TIMES, the Luxembourg paper LA REPUBLICAN LORRAINE, the Belgian paper LE SOIR, the Sierra Leonean paper LIBERTY VOICE and televisions of Laos and Uzbekistan.

They printed or telecast photographs of President Kim Il-song.

The Guinean News Agency and the Palestinian magazine PALESTINE AL SAURA [spelling as received], too, introduced his brief biography.

Radio Funcinpec of Cambodia said after introducing the brief biography:

His excellency Generalissimo Kim Il-song was the outstanding leader of the Korean people and a great friend of the leaders of the world.

Though he left us, his august name will always remain in the minds of the Korean people and the world people. He will be immortal.

Published 'Famous Works' of Kim Il-song Viewed

SK2907103894 Pyongyang KCNA in English 1022 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The great leader President Kim Il-song published many famous works for a long period since he set on the road of revolution to provide mankind with a great encyclopedia of revolution and construction, a common treasure to be handed down through generations.

After he published the famous work "The Path of the Korean Revolution" in June 1930, he authored more than 1,800 works in the form of report, speech, treatise, letter, talk, answers, congratulatory letter, etc.

His works give flawless answers to theoretical and practical questions arising in all stages of revolution including the national liberation revolution in colonies, the people's democratic revolution and the socialist revolution.

Covering the political, economic, cultural, military and all other fields, his famous works are recognized as the food of revolution and the textbook of struggle and life which is of most universal significance in the world for their ideological and theoretical depth, truth and broad scope.

They have been translated and published in some 60 languages by publishing houses of more than 90 countries including the Miraisha Publishing House of Japan, the al-Taawon Publishing House of Egypt, the Voluntad Publishing House of Ecuador and the C.M. Publishing House of Norway [names of publishing houses as received].

Meanwhile, many foreign media have reported his works, printing his portrait.

"10-point programme of the great unity of the whole nation for the reunification of the country" published by the president in April last year was reported by more than 1,000 media of 120 countries over the last one year.

Name of Kim Il-song Honored in 'Many' Countries

SK3007104694 Pyongyang KCNA in English 1027 GMT 30 Jul 94

[Text] Pyongyang, July 30 (KCNA)—There are many streets, establishments and organizations called after the name of the great leader President Kim Il-song in a number of countries.

They number 450 in more than 100 countries.

The Mozambican Government named the university street in the central part of Maputo "Kim Il-song Street" and a scientific research organ greatly conducive to the agricultural development in guinea was named "The

Kim Il-song Institute of Agricultural Science" at the suggestion of a former president of Guinea.

There are Kim Il-song libraries in Tanzania, Lebanon, Somalia and Kim Il-song bookstores in Madagascar and Nigeria.

Three schools of Peru have Kim Il-song classes and Mongolia has the Kim Il-song kindergarten.

With many people wanting to study the revolutionary idea of President Kim Il-song, print shops of works of Comrade Kim Il-song and editorial boards of works of President Kim Il-song have made their appearance in Pakistan, France, Syria, Italy and other countries.

The Committee for the Study of Kimilsongism, the Society for the Study of Works of President Kim Il-song, the Centre for the Application of Theories of Kimilsongism and other study organizations were formed in several dozen countries including Egypt, Switzerland, Peru, Mali and Guyana.

An Indonesian botanist cultivated a rare flower and named it Kimilsongia. It is now in bloom in more than 50 countries including Pakistan, the United States and Angola.

Kim Il-song Received 'More Than 70,000' Gifts

SK0108103594 Pyongyang KCNA in English 1019 GMT 1 Aug 94

[Text] Pyongyang, August 1 (KCNA)—The great leader President Kim Il-song received gifts from many countries in his lifetime.

The gifts he received from heads of party, state and government including Zhou Enlai, Deng Xiaoping and Jiang Zemin, Stalin and Fidel Castro and prominent public figures total more than 70,000.

On his 80th birthday (April 15, 1992) more than 420 delegations from some 130 countries including those led by heads of party, state and government visited Korea, wished him longevity and presented more than 1,390 items of gifts to him.

In June this year, the month before his death, he received gifts from Khamtay Siphandone, chairman of the Central Committee of the Lao People's Revolutionary Party and prime minister of Laos, Tomiichi Murayama, chairman of the Central Executive Committee of the Japan Social-Democratic Party, Former U.S. President Jimmy Carter and his wife and heads of party and government and dignitaries of other countries.

Although the heart of President Kim Il-song stopped beating, his august name will remain long in the hearts of mankind and shine forever all over the world.

Foreign Media Report on Kim Il-song's Works

SK0208043894 Pyongyang KCNA in English 0411 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The famous work of the great leader President Kim Il-song "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" and his new year address for this year were reported by Radio Voice of Funcinpec of Cambodia.

Reporting the 10-point programme, the radio said:

The great leader His Excellency Generalissimo Kim Il-song put his heart and soul into the work for the reunification of the country.

He put forward the 10-point programme of the great unity of the whole nation for the reunification of the country. The 10-point programme gives a comprehensive exposition of the general target, idea, principle and way of the great unity of the whole nation and other fundamental questions to reunify the country with the concerted efforts of the nation.

This work was carried by the Brazilian paper HORA DO POVO.

His work "Talk With Participants in the Nationalist Movement" was carried by the Russian paper SOVETSKAYA RUSSIA and his work "Answers To Questions Raised by the General Director of the Latin America News Agency 'PRENSA LATINA'" by the Indian Magazine SOCIAL LOOK and the Canadian magazine PEOPLE'S VOICE.

Awards, Medals Received by Kim Il-song Noted

SK0208104694 Pyongyang KCNA in English 1012 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The great leader President Kim Il-song performed great exploits for the times and humankind.

Many orders, medals and honorary titles were awarded to him in token of a high appraisal of his feats and an expression of deepest thanks and respect.

Over 180 highest orders and medals were conferred upon him by 70 countries and international organisations. Among them are "Order of Lenin" of the former Soviet Union, "Order of Jose Marti" of Cuba, "Order of Great September 1" of Libya, "Order of Special Merit" of Guyana, "Star Order of Palestine" of the state of Palestine and "Gold Medal" of the World Federation of Trade Unions.

Over 30 cities of foreign countries conferred honorary citizenship upon him, representing the ardent desire of their peoples to have him as a citizen of their cities.

He was presented with honorary citizenship in Belgrade of former Yugoslavia and Montaldo di Mondovi of Italy in the 1980s and he was registered as an honorary citizen in three cities of Portugal, two cities of Spain, three cities of France and Kampala of Uganda in the 1990s.

He was presented with the honorary title of "Outstanding Protector" and the city's key in Chiclayo, Peru.

Honorary doctorate and professorship and other academic degrees and titles were awarded to him at well-known universities of Indonesia, Peru and other countries.

Jetro: 1993 Foreign Trade Reportedly Dropped

OW0208111594 Tokyo KYODO in English 1102 GMT 2 Aug 94

[Text] Tokyo, Aug 2 KYODO—North Korea's estimated foreign trade in 1993 shrank 2.4 percent from a year earlier to 2.75 billion dollars, reflecting the worsening domestic economy, a government-subsidized trade organization said Tuesday [2 August].

The Japan External Trade Organization (Jetro) said North Korea's exports dropped 8.5 percent to 980 million dollars while imports grew 1.4 percent to 1.77 billion dollars, producing a deficit of 790 million dollars.

The red ink marked an increase of 110 million dollars from the preceding year, Jetro said.

The country's trade volume was extremely small, reflecting its closed economy, it said.

The organization said the figures are based on customs clearance data released by 39 trading partners of North Korea because the country keeps its trade statistics secret.

China was North Korea's largest trading partner with two-way trade rising 26.7 percent over a year earlier to 930 million dollars, Jetro said.

It said North Korea's trade with China accounted for 33.9 percent of the total, up from 26.2 percent in the preceding year.

North Korea's exports to China soared 91.3 percent, led by brisk sales of cement and steel, while its imports, mainly grain, jumped 11.3 percent.

Japan ranked second after China as North Korea's major trading partner although two-way trade declined 2.0 percent to 470 million dollars, followed by Russia with 460 million dollars, down 26.4 percent, and South Korea with 170 million dollars, up 7.3 percent.

Output of Mass Consumption Goods 'on the Rise'

SK0208111194 Pyongyang KCNA in English 1022 GMT 2 Aug 94

[Text] Pyongyang, August 2 (KCNA)—The output of the August 3 mass consumption goods is on the rise in Korea.

Over the past ten years the output of consumer goods has jumped 3.5 times and the retail turnover 4.1 times.

The number of the August 3 mass consumption goods producing bases increased to 46,500 and that of the producers to 508,600 in the period.

The variety of consumer goods has gone up to 11,700.

The production of August 3 mass consumption goods began in 1984 in Korea.

The dear leader Comrade Kim Chong-il went round a light industrial goods exhibition in Pyongyang on August 3, 1984, and put forward a highly important task to produce in a mass movement many kinds of daily necessities catering to the aesthetic tastes of the times and the people by tapping internal reserves and potentials. And he clearly indicated the direction and ways of carrying it into practice. The production of mass consumption goods turned into a mass movement, which rapidly expanded nationwide.

In one year after the start of the movement 700 more workshops and workteams producing mass consumption goods made their appearance at factories and enterprises throughout the country and the output of consumer goods jumped 40 percent in six months. The output showed a five-fold gain in two years.

With an orderly system of August 3 mass consumption goods production established and their production bases solidly built in all parts of the country, it has become possible to constantly increase the production of mass consumer goods on a high level.

There are more than 6,000 units engaged in the production of August 3 mass consumption goods in Pyongyang. Over the past ten years the city boosted the output of mass consumer goods 12.3 times and their variety and retail turnover respectively 20 and 14.6 times.

North Hamgyong Province has built many consumer goods producing bases and markedly increased the variety, lifting the output and retail turnover 4 and 5.5 times respectively in the period.

In the heat of the movement 32 units including Pyongchon District, Pyongyang, Kaechon, South Pyongan Province, Kangso District, Nampo Municipality, Tongrim County, North Pyongan Province, were awarded the title of the model county (city, district) in the production of "August 3 mass consumption goods".

Commission Reports Increases in Agricultural Work

SK2807152594 Pyongyang KCNA in English 1509 GMT 28 Jul 94

[Text] Pyongyang, July 28 (KCNA)—Agricultural working people in Korea are manuring and tending crops well, changing the bitter sorrow at the loss of the great leader President Kim Il-song into strength and courage.

According to data available at the State Agricultural Commission, the daily results of weeding these days are 30 percent up on that in the same period of last month.

The agricultural working people in South Hwanghae Province are doing all the farm work methologically and tenaciously, recalling as behests of the great leader his words when visited the Yonbaek Plain adjacent to the demarcation line in August last year that it was his plan and hope to gather in 10 tons of grain from each hectare. The cooperative farms in the province finished third-round weeding of paddy fields and fourth-round weeding of maize fields in the last 20 days. Now they are tending crops on a scientific and technical basis, putting fertilizers, controlling water of the paddy fields and applying maize pollen.

Thousands of hectares of paddy and non-paddy fields are now weeded daily in South Pyongan Province and Nampo Municipality.

Meanwhile, mowing for compost-making is at its height. More than 400,000 tons of grass are cut on a daily average across the country. It is 40 percent up on the same period last year.

South Korea

U.S. To Urge DPRK Not To Reprocess Fuel Rods

SK0208021994 Seoul YONHAP in English 0149 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Pyongyang may seek to nullify the joint inter-Korean declaration on denuclearizing the Korean peninsula, while pledging to remain in the safeguards regime under the Nuclear Non-Proliferation Treaty (NPT), at the U.S.-North Korea talks opening in Geneva Friday.

North Korea informed the United States last month of plans to reprocess the spent fuel rods taken from its 5-megawatt reactor at Yongbyon last May and place under the strict control of the International Atomic Energy Agency (IAEA) the plutonium obtained from reprocessing, a diplomatic source here said Tuesday.

Pyongyang also expressed its readiness to hand over the extracted plutonium to a third country, like China, and to guarantee the presence of IAEA inspectors during the reprocessing, he said on condition of anonymity.

North Korean officials, stressing the need to reprocess the spent fuel rods which are currently kept in a holding pond as soon as possible, told U.S. officials they are ready to place the plutonium under the control of the IAEA or a third country, the source said.

"I understand, however, that North Korea has virtually rejected the U.S. proposal that it hand over the spent fuel rods themselves, not the plutonium extracted from them, to a third country for reprocessing," he remarked.

He went on to say: "By placing the extracted plutonium under the control of the international community, such as the IAEA, North Korea may want to show it is cooperating in maintaining the NPT safeguards regime which is an important matter of concern to the United States. The North Koreans must also want, by so doing, the Americans to recognize the reprocessing in North Korea of spent nuclear fuel rods, with an eye to rendering as unbinding the inter- Korean denuclearization declaration banning any nuclear fuel reprocessing on the Korean peninsula."

Seoul and Washington have agreed, after intensive discussions on Pyongyang's new position, to press it to refrain from reprocessing at Yongbyon the spent fuel rods in the coming Geneva meeting, he said.

The two governments have also studied a plan calling on North Korea to postpone its reprocessing schedule about six months by providing it with the latest IAEA technology for storing spent nuclear fuel in case the Geneva meeting does not proceed well.

In this connection, Nuclear Ambassador Kim Sam-hun is visiting Britain to examine a graphite-moderated reactor which is similar in style and technology to North Korea's 5-megawatt reactor at the Yongbyon complex before his arrival in Geneva Thursday.

While Kim Il-song was alive, North Korea promised the United States that it would not reprocess the spent fuel rods, would not install new rods and would abide by IAEA nuclear safeguards while the third round of U.S.-North Korea talks was under way.

U.S. Trade Laws Seek Wider Car Market Opening

SK0108033094 Seoul YONHAP in English 0246 GMT 1 Aug 94

[Text] Washington, July 31 (YONHAP)—The U.S. Government has handed new trade requirements to the South Korean Government that ratchet up pressure for a wider car market opening. U.S. officials here said Sunday that Washington had offered to hold additional trade talks with Seoul in late August or early September before it decides whether to apply the Super 301 provision against South Korea.

The Super 301 section of a 1988 trade law empowers the U.S. Trade Representative to take retaliatory steps against countries that fail to lower barriers against American goods.

A South Korean Embassy official said at the weekend that he didn't know exactly what Washington was requiring, though he understood the embassy had received a new U.S. trade message.

An American official said he believed the South Korean Government would respond positively to the U.S. offer to hold new trade talks, adding the new discussions would focus on automobiles, intellectual property rights and agriculture.

There are some in the Clinton administration who advocate using Super 301 against South Korea should it turn a cold shoulder to the new trade requirements, one official stressed.

The U.S. Government is concerned with South Korea taking action to improve the special excise tax system for imported cars and to lower the auto tariff rate to the U.S. level of 2.5 percent, he said.

Seoul Not To Heed U.S. Request

SK0208025394 Seoul YONHAP in English 0238 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—South Korea will not take additional steps to open its automobile market even though the United States intends to request that it do so.

Officials from the Ministry of Trade, Industry and Energy said Tuesday [2 August] that the government has no further plans to open the country's car market besides the programs that were conveyed to America at a Korea-U.S. Economic Cooperation Council meeting held in Washington last June.

The officials were addressing reports that the U.S. Government had asked Seoul to open its car market wider prior to the determination of countries due for Super 301 action by the end of September. Under the Super 301 provision of a 1988 trade law, the U.S. Government can take retaliatory steps, such as tariffs and quotas, against nations that fail to lower trade barriers against American goods.

Formal U.S. notification has not yet arrived, the officials said, adding the government would not open wider the automobile market for now even though it has been informed of Washington's official position.

The ministry officials said the Korean Government would stick to its stand as disclosed at the economic council meeting. Seoul offered to lower tariffs to 8 percent from 10 percent: To uniformly apply the 2 percent acquisition tax instead of dual application in accordance with a car's value: To abolish completely the limit on the opening of automobile sales outlets and to allow foreigners' establishment of discount financing firms.

Earlier, the reports said the U.S. Government had demanded that the South Korean Government eventually lower tariffs to the American level of 2.5 percent while improving the special consumption tax which is progressively levied on cars in accordance with engine displacement.

The U.S. Government also reportedly asked Seoul to ease inspection procedures for imported cars.

Responding to the reports, the ministry officials explained that the 8 percent tariff is a notable rate in comparison with the 10 percent levied by European countries.

They said that other differential measures against imported cars have disappeared completely, and stressed that any additional requests for a further opening would not be accepted.

"Trade barriers were almost cleared up in South Korea and it is necessary for the American makers to exert marketing efforts to expand their sales in South Korea," they said.

Hyundai Exports First All Local-Contents Car

SK3007012694 Seoul YONHAP in English 0058 GMT 30 Jul 94

[Text] Seoul, July 30 (YONHAP)—The nation's largest automaker, Hyundai Motor Co., shipped out the first batch of 100-percent local-content automobiles Friday.

Hyundai shipped 1,500 Accents from its port facilities in Ulsan, South Kyongsang Province. The shipments are destined for Spain (300 units), Italy (250 units), Switzerland (250 units), Tunisia (30 units) and 10 other countries, according to a Hyundai spokesman. The company plans to export more than 78,000 Accents this year including 15,000 units to the United States, 7,000 to Germany, 3,000 to Canada and 3,000 to Australia, the spokesman said.

Hyundai has set next year's export target at 210,000 units, the spokesman said. The total breaks down to 64,000 units to North America, 62,000 units to Europe and 84,000 units to other regions.

The carmaker has been engaging in various sales promotion activities and joining motor shows in 50 countries in preparation for the Accent exports, according to the spokesman.

This coming September, Hyundai plans to invite about 200 reporters specializing in automobiles from 20 European countries to its Ulsan factory to demonstrate its new models.

More than 100 American and Canadian reporters will also be invited by Hyundai during August and September to test-drive the new Accents, the spokesman said.

Drug Patents for Japanese Products Recognized

SK0108062694 Seoul YONHAP in English 0553 GMT 1 Aug 94

[Text] Seoul, Aug. 1 (YONHAP)—South Korea has halted the domestic production and sale of 18 Japanese pharmaceutical products until June 1997, the first step taken in line with an intellectual property rights agreement signed with Japan late last year, the Korean Pharmaceutical Manufacturers' Association (KPMA) said Monday.

Japan filed for patent protection for 19 products that are still sold over the counter in South Korea, and the association approved all cases except "Filgrastim" by Kirin Brewery Co., KPMA officials said.

The approved list includes "Mevaiotin" by Sankyo Co., used for treating high blood pressure, and "Elen" made by Yamanouchi Pharmaceutical Co. for healing arteriosclerosis. A ban will be placed on these items' domestic production and sale until the end of June 1997.

Japan, on the other hand, will donate 0.5 percent of the sales profits from these 18 products for three years from 1995 to the South Korea-Japan industrial technology cooperation foundation as per last year's intellectual property rights agreement. The money will be used in part to train about 20 South Korean pharmaceutical researchers in Japan.

A series of intellectual property settlements with advanced nations protects 316 foreign products—91 from the United States, 193 from the European Union (EU), five from Sweden, nine from Switzerland and 18 from Japan—until June 1997.

Antidumping Duties Placed on Glass Fibers

SK0208011794 Seoul THE KOREA TIMES in English 2 Aug 94 p 9

[Text] The government yesterday slapped anti-dumping duties ranging from 10.3 percent-58.7 percent on U.S., Japanese and Taiwanese exporters of glass fiber to Korea. The Ministry of Finance yesterday said that the foreign exporters would be subject to the anti-dumping duties for the next five years retroactively from April 12 this year. It said the foreign glass fiber makers shipped their products at prices 10.3-70.1 percent below fair domestic market prices, thus financially damaging Hankuk Vetrotex Ltd. and other Korean makers.

The companies subject to the anti-dumping duties include P.P.G. Industries of the United States, Nippon Electric Glass of Japan and Taiwan Glass Industries.

Hankuk Vetrotex Ltd. filed a lawsuit in August, 1993 against foreign exporters of glass fiber. The Korea Trade Commission and the Korean Customs Administration levied a preliminary anti-dumping duties of 9.1-82.4 percent in February this year.

Last month, the KTC and KCA completed the investigation and they issued their final ruling yesterday. It is the third time since 1993 that Korea has levied anti-dumping duties on foreign exporters.

In March last year, the government levied anti-dumping duty of 66.11 percent for three years on such Chinese firms as Tianjin Chemical, Dalin Chemical and Oriental Chemical for selling their disodium carbonate products in Korea below the fair market price.

The second anti-dumping ruling was directed against Japanese exporters, including Fuju Photo Film for dumping pre-sensitized printing plates in Korea. Anti-dumping duty of 25.41-38.16 percent was slapped on these Japanese exporters for three years.

Two other anti-dumping investigation are under way. Russian exporters of disintegrated calcined calcium phosphates were initially slapped with an 80 percent anti-dumping duties for four months from March. The government has not yet announced its final anti-dumping margin on the Russian exporters.

Another investigation is being directed against American, Chinese, French and Belgian exporters of sodium hydroxide to Korea. The Korea Soda Production Association filed an anti-dumping suit last April against these foreign makers. The government will soon complete its investigation, a Ministry of Finance official said.

The Korea Soybean Processors Association filed a suit last March against Indian, Chinese and American exporters of soybean meal to Korea for the protection of the domestic industry. The so-called safeguard lawsuit was the first by local producers since 1993.

The government said the case is under investigation, adding a final announcement will soon be made. it can curb imports of soybean meal if foreign products threaten the survival of Korean producers.

Since 1993, Korea has not yet initiated an investigation on the countervailing duty, which is levied against foreign exporters who are enjoying subsidies from their home countries.

From January, 1993 through last month, foreign countries slapped 40 kinds of anti-dumping duties on Korean products, the Korea Foreign Trade Association said. During the same period, Korea slapped only three anti-dumping levies on foreign exporters, with additional two investigations under way.

Asia Comprises Half of Japan's Trade Surplus

SK0208031294 Seoul YONHAP in English 0229 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Nearly 50 percent of Japan's trade surplus this year came from Asia as other countries in the region increased imports of equipment, parts and materials from Japan to expand their exports of end-products, trade organizations here said Tuesday.

According to the Korea Trade Promotion Corp. (KOTRA) and the Korea Foreign Trade Association (KFTA), Japan's trade surplus with Asian countries reached 4,034 million U.S. dollars in May or 61.7 percent of the total.

KOTRA and KFTA cited statistics from the Japanese Ministry of International Trade and Industry, which also disclosed that Japan's trade surplus with Asia amounted to 6,456 million dollars in June, 56.9 percent of its total trade surplus of 11,346 million dollars. Therefore, Japan's trade surplus with Asia in the first half of this year reached 29,709 million dollars, 49.5 percent of the total of 59,979 million dollars.

KOTRA and KFTA officials attributed the jump in Japan's trade surplus to Asian countries' increase in exports due to their improved international competitiveness following the strengthening of the Japanese yen.

Japan's trade surplus with Asia was 53,588 million dollars last year, surpassing its surplus with the United States of 50,193 million dollars for the first time, but still short of 50 percent of the total surplus.

Meanwhile, Japan's trade surplus with South Korea was 5,177 million dollars in the first half of this year, with Taiwan 6,090 million dollars, with Hong kong 11,145 million dollars and with Singapore 6,989 million dollars.

Japan's trade with China, however, showed a deficit of 2,520 million dollars during the cited period.

President To Speak on N-S Summit, DPRK Rights

SK0208041494 Seoul TONG-A ILBO in Korean 2 Aug 94 p 1

[Text] It was learned on 1 August that in his speech to be delivered on 15 August to mark the anniversary of the National Liberation Day, President Kim Yong-sam will strongly urge North Korea to improve human rights—including the issue of political prisoners detained in North Korean camps—and to repatriate South Koreans abducted by North Korea.

It has also been learned that President Kim is considering proposing to North Korea that talks between the North and South authorities be held to jointly discuss the repatriation of South Koreans abducted by North Korea, as well as North Korea's request for the repatriation of unconverted long-term prisoners, including Kim In-so and Ham Se-hwan.

A government official concerned said that the North Korean affairs-related ministers—such as Chongwadae [presidential office], the National Unification Board, and the Agency for National Security Planning—had formulated plans to be included in his 15 August speech.

The government position is, however, that it cannot adopt a one-for-one exchange method because the background for the abduction of South Koreans detained in North Korean camps is different from that of the unconverted long-term prisoners in South Korea.

The South side has so far called for the exchange of visits by separated family members between the North and South and the repatriation of the abducted South Koreans, while the North side has called for the repatriation of unconverted long-term prisoners. Therefore, the government is considering a package solution to this issue.

It has been learned that regarding the North-South summit talks, President Kim will also declare in his speech that "the principle of holding the North-South summit talks remains effective," and that he will announce his willingness to hold North-South summit talks once North Korea's highest-level of responsible authority is officially confirmed.

A relevant government official said that "it is not easy to repatriate South Koreans abducted by North Korea, because, if this happens, North Korea has to reveal the actual conditions of its political prisoner camps, as well as admit to its past wrongdoings." He said, however, that "it is necessary for the government to deal with this issue, because of the humanitarian demands and the suffering by family members of the abducted figures."

He said: "As criminal acts were involved, the Red Cross talks are not a good dialogue channel for dealing with the unconverted long-term prisoners. With the South side's proposal to the North side in July 1992 to resolve issues of South Koreans abducted by North Korea and unconverted long-term prisoners such as Yi In-mo in the ROK through a package deal, it is appropriate for North-South authorities to open dialogue channels to achieve this."

Amnesty International Urges Improved Human Rights

SK3007121494 Seoul YONHAP in English 1201 GMT 30 Jul 94

[Text] Seoul, July 30 (YONHAP)—Amnesty International (AI) urged on Saturday [30 July] South and North Korea to improve their human rights situation. The international organization held a press conference at YMCA Hotel downtown Seoul to say that North Korea's human rights situation has not been improved even since the death of its late President Kim Il-song.

"We are going to send the new North Korean leadership an official letter to urge it to take measures to improve human rights of the North Korean people," an AI official said. AI demanded that North Korea release all conscientious prisoners as well as repeal poisonous articles in its criminal law.

The organization also disclosed the location of North Korea's secret camp where lots of conscientious prisoners are detained, as well as the list of 58 prisoners in the camp. AI said the camp is located in "Sungho village" near Pyongyang city.

On the human rights situation of South Korea, the organization said that the situation in the South is in the process of gradual improvement.

"But we are worried over recent situation that a lot of students and anti-government personages were arrested in relation to their condolence on the death of North Korean Kim Il-song," it said.

Seoul Seeks UN Intervention on Kidnapping Case

SK0208070094 Seoul YONHAP in English 0617 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—South Korea decided Tuesday [2 August] to ask the U.N. High Commissioner for Human Rights to intervene directly in the repatriation of a South Korean kidnapped by North Korea 15 years ago. A ministerial meeting earlier Tuesday discussed possible means to bring back Ko Sang-mun, a high school teacher who was taken to the North while in Oslo, Norway, on April 15, 1979.

Amnesty International said last week that Ko is being held as a political prisoner in one of North Korea's concentration camps.

A Foreign Ministry spokesman said the South Korean ambassador to Geneva will soon, possibly by Wednesday, deliver the government's formal request for Human Rights Commissioner Jose Ayala Lasso to get directly involved in verifying whether Ko is indeed alive and to bring him back to South Korea. Moreover, Ko's family will appeal to the commissioner via an emergency fax line that is open 24 hours a day for pleas from private citizens.

The family's letter will also reach the commissioner, likely within a day, the spokesman said.

The matter will be taken up by the U.N. Human Rights Commission, but officials said Seoul has yet to decide whether the government should make the appeal, as it is concerned that this could worsen the already rocky inter-Korean relations.

ICRC Asked To Help Secure Release

SK0208105794 Seoul YONHAP in English 1046 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—The Republic of Korea National Red Cross (KNRC) on Tuesday sent a message to the International Committee of the Red Cross (ICRC) asking for its cooperation in securing the release of a South Korean known to have been held at a North Korean concentration camp.

A KNRC official said the message was flashed to ICRC President Cornelio Sommaruga upon the receipt by the KNRC of an appeal for help from the families of the internee, Ko Sang-mun.

Ko Sang-mun was abducted by the North Koreans in Oslo, Norway in 1979. Then a Seoul high school teacher, Ko was touring Europe as a trainee. Soon after his disappearance, North Korea claimed Ko defected to Pyongyang on his own, contrary to circumstantial evidences substantiating his abduction by the North Koreans.

The Amnesty International said over the weekend in Seoul that he has been held in a concentration camp in North Korea.

Kim Pyong-il Returns to Post in Helsinki

SK0108230194 Seoul KBS-1 Radio Network in Korean 2203 GMT 1 Aug 94

[Text] A spokesman for the North Korean Embassy in Finland said on 1 August that Kim Pyong-il, North Korean ambassador to Finland, returned to his post in Helsinki a few days ago. Kim Pyong-il, who was appointed North Korean ambassador to Finland in March, suddenly returned to Pyongyang in June before his father, Kim Il-song, passed away.

Government To Send Relief Medicines to Rwanda

SK0108092794 Seoul YONHAP in English 0838 GMT 1 Aug 94

[Text] Seoul, Aug. 1 (YONHAP)—South Korea will send 100 million won (about 124,670 U.S. dollars) worth of medicines to Rwanda to help relieve the widespread starvation and cholera, the Health and Social Affairs Ministry said Monday.

The medicines, which will be financed by the government reserve fund, include 750,000 sachets of oral dehydration therapy (electrolyte and glucose supplement), 600,000 trimethoprim complex tablets, 5,000 bags of 5 percent dextrose injection and 5,000 bags of normal saline. They can be used to treat 50,000 cases. They are to arrive in Rwanda by mid-August at the latest.

The civil war in the African country has created millions of refugees since April and thousands of Rwandans have died of cholera.

Construction on 'Diplomatic Center' To Begin

SK3007051494 Seoul YONHAP in English 0446 GMT 30 Jul 94

[Text] Seoul, July 30 (YONHAP)—Work will begin in September on a "Diplomatic Center" in southern Seoul housing more than 30 foreign missions, the Foreign Ministry said Saturday. The 14-story building, including two underground floors, will have cost about 30 billion won by the time it is completed in 1996, according to ministry officials.

The Seoul government chose to seek private capital to finance the structure, ending over 16 years of wandering without a proper funding source.

The ministry obtained presidential approval for the diplomatic center way back in 1987 and secured the plot in 1982. All work since then has been blocked by a lack of funds.

A special task force was set up in 1993 to invite private capital, with one or more companies to build the center and temporarily donate it to the government in return for later use. There are 87 resident foreign missions in South Korea, more than 50 of which use rented office space due to the high cost of real estate.

The situation will worsen when 10 embassies and 11 ambassadorial residences housed in foreigners' apartments in Mt. Namsan are compelled to leave there as the apartment complexes will be demolished under Seoul's bid to restore the beauty of the mountain.

President Kim Yong-sam Takes One-Week Vacation

SK0208065894 Seoul YONHAP in English 0606 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—President Kim Yong-sam began his summer vacation Tuesday [2 August] as the long-awaited rain brought by Typhoon Brendan over the weekend ended the lengthy drought, a presidential spokesman said. President Kim said last week he was indefinitely delaying his vacation because the whole country was suffering from the drought that persisted for nearly a month. Kim will be away on vacation until the weekend, according to sources close to him.

The presidential office of Chongwadae, however, did not reveal the site or duration of Kim's holiday, citing security reasons.

The president made the decision for fear that skipping his vacation could affect the holiday schedules of senior government and Chongwadae officials as well as lower-level officials, although he originally wanted to cancel his vacation entirely, the sources said.

President Kim spent his summer holiday from July 30 to Aug. 4 last year at Chongnamdae, the presidential retreat, where he enjoyed jogging, swimming and reading along with his family.

Cabinet Inaugurates Arms Control Group 1 Aug

SK0208031694 Seoul HANGYORE SINMUN in Korean 2 Aug 94 p 2

[By reporter Kim Song-kol]

[Text] As a result of an 1 August cabinet approval, the Defense Ministry's Armament Verification Group [kunbi komjungdan] has been inaugurated as an official agency. The group will be in charge of examining arms control implementation, which includes arms limitation and reduction.

The Armament Verification Group, which has been tentatively operating since the October 1992 North-South joint denuclearization declaration in preparation for mutual inspections, was inaugurated as an official agency to be ready for any development in the security environment on the Korean peninsula.

An official from this group stated: "We will obtain comprehensive expert knowledge and experience in arms control, which will inevitably be discussed by the North and South." Meanwhile, North Korea has reportedly begun operating an agency in charge of armament verification under the Ministry of the People's Armed Forces.

Military To Focus on Personnel Specialization

SK0208122694 Seoul CHUNGANG ILBO in Korean 2 Aug 94 p 2

[Text] Military personnel management will focus on specialization this year.

National Defense Minister Yi Pyong-tae, in a letter of instructions "Personnel Guidelines for the Second Half of 1994," directed the chiefs of the General Staffs of the three services—Kim Tong-chin of the Army, Kim Hong-yol of the Navy, and Kim Hong-rae of the Air Force—to put emphasis on giving preference to expert personnel and the highly educated.

National Defense Minister Yi's recent instruction hints that, in this year's personnel changes, preferences will be given to those with expertise, compared to last year's personnel changes which were based on depoliticization, such as excluding from promotion members of private clubs like Hana-hoe.

He instructed in the letter that officers who have expertise, including computer personnel, intelligence-gathering staff members, and faculty members of military academies of each service and the National Defense College; and the highly educated who have master's or doctorate degrees from local universities or the National Defense College be considered "specialized management" personnel and be given preference for promotion.

The new military personnel guidelines were mapped out according to the long-term plan that the military personnel system should become a system of elites with expert personnel at its center. This is because the highly educated have not been treated fairly by the military until now due to personnel changes based on the depoliticization at a time when all domains of society are becoming specialized.

The step was also particularly made out of the notion that expert personnel and the highly educated are indispensable to effectively manage munitions and to prepare against the era of information technology and ultra-modern electronic warfare.

Instructing that this year's personnel changes be implemented within the vacant positions available and thus abide by the number limited for promotion, the national defense minister commanded that personnel changes should stick to the limit of 43 for the posts of Army general.

As regards to this, a high-level official at the National Defense Ministry said: "The personnel changes in the military will be made on the basis of expertise and impartiality, excluding the color of politics," and added that "many highly educated people are expected to be appointed to major posts in the wake of Minister Yi's emphasis on personnel changes based on 'giving preferences to expert personnel.'"

In the meantime, personnel changes below major-level will be carried out this September while those above lieutenant colonel-level will be made in early October.

National Assembly By-Elections Begin 2 Aug

SK0208013994 Seoul YONHAP in English 0031 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—By-elections for three National Assemblymen started at 6 AM Tuesday at 208 polling stations in the three electoral districts—Susong-A in Taegu, Kyongju in North Kyongsang Province, and Yongwol-Pyongchang in Kangwon Province.

As of 8 AM, voter turnout was 7.4 percent, the central election management committee said. Yongwol-Pyongchang led the way in turnout with 8.8 percent, followed by Susong-A's 7.6 percent and Kyongju with a mere 6 percent.

The committee predicted voter turnout could be as low as 55 percent as the by-elections are being held during the summer vacation season amid hot temperatures on a weekday.

The voting booths will close at 6 PM and ballot counting is to begin as soon as the voting boxes arrive at the counting sites.

The counting will continue throughout Tuesday night into early Wednesday. Initial election results should appear around 3 AM Wednesday.

Voting Takes Place 'Smoothly'

SK0208112794 Seoul YONHAP in English 1041 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Voting took place smoothly in by-elections at three electoral districts Tuesday and the average voter turnout was preliminarily tallied at 49.5 percent.

An official at the Central Election Management Committee said that of the total 309,195 eligible voters in the three districts, 153,172 people took part in the by-elections designed to fill three National Assembly vacancies.

Voting took place at 208 voting stations in the three districts for 12 hours from 6 A.M. to 6 P.M.

By area, the Yongwol-Pyongchang District of Kangwon Province showed the highest turnout, 61.0 percent, among the three, followed by Kyongju of North Kyongsang Province with 46.8 percent and Taegu Susong-a with 45.4 percent.

The average voters' participation rate in three separate by-elections last year stood at 49.4 percent.

Ruling on Jurisdiction for Foreigners' Crimes

SK2807112494 Seoul YONHAP in English 1029 GMT 28 Jul 94

[Text] Seoul, July 28 (YONHAP)—A Seoul court ruled on Thursday [28 July] that South Korean court has jurisdiction over a foreign suspect even though his crime is committed abroad if its victim is a South Korean national. The Seoul District Criminal Court, holding the logic, sentenced Chong Tae-pong, 51, a U.S. citizen, to one year's imprisonment on charges of embezzling 100,000 dollars. Chong claimed at the trial he had no reason to be punished in Korea since he is an American citizen and the deed at issue took place in the United States.

The judge said that the Korean court has every right to try him since the victims in the case are South Korean nationals and the deed at issue constitutes a crime even in the United States where it took place. Chong was accused of pocketing the 100,000 dollars which his South Korean business partners remitted to him for use as company expenses. Chong and two South Koreans had jointly set up a firm, "Pen Plaza," in the state of New York.

Survey Shows Exporters' Profits Below Normal

SK0208070294 Seoul YONHAP in English 0637 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—South Korean exporters' profitability lags far behind the norm, a survey has disclosed. Most export-related companies are unsatisfied with the curtailment of red tape that the administration has carried out since its inauguration early last year.

A majority of exporters think that improved export conditions this year resulting from the strong yen and increased demand abroad won't be fully exploited due to insufficient supply capability at home.

These are the salient points of a survey the Korean Foreign Traders Association conducted for two months from April 1 this year covering 1,000 export firms in the country. The pollees' profit rate stood at 62.0 percent against a norm of 100 percent, according to the survey.

By industry, chemicals registered the highest profit rate of 92 percent, followed by precision equipment with 71 percent, electronic home appliances with 69 percent, toys with 55 percent, steel with 51 percent, textile products with 43 percent, and ceramic goods with 41 percent.

As for price competitiveness, the respondents, despite the strong yen, were pessimistic on the whole: Only 19.7 percent gave a favorable assessment, 31.5 percent unfavorable and 48.8 percent in between.

In regard to export de-regulation, 17.7 percent of the pollees said they are satisfied, while 35.5 percent expressed dissatisfaction and 46.8 percent replied it is difficult to evaluate.

A majority of 53.4 percent said the regulations are still too complicated, and 22.2 percent complained they are required to submit too many documents.

On the outlook for exports this year, 50.8 percent of the respondents had an affirmative view while 33.9 percent took a negative stand.

By industry, 75.0 percent of container exporting firms and 70.8 percent of ceramic goods exporters foresaw increased shipments abroad this year. But 61.0 percent of the pollees thought an inadequate domestic supply capability would hinder exports.

Use of Real-Name Accounts Examined After Year

SK0208080694 Seoul YONHAP in English 0721 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Almost one year has passed since President Kim Yong-sam issued on Aug. 12, 1993, an emergency decree requiring the use of real names in all financial transactions.

During this period, 11,583 persons changed the titles to a total of 16,522 deposit accounts for an aggregate of 3,395 billion won (4.2 billion U.S. dollars) in their possession from false names to real ones, according to the National Tax Administration (NTA).

In addition, 68 controlling shareholders of 57 listed companies switched the titles to their 4,598,715 shares worth 130.2 billion won from false or borrowed names to real names.

Of the real-name deposit accounts, the number and amount of the accounts whose holders had not yet been confirmed as of the end of June stood at 23.5 percent and 7.6 percent, respectively, while 5.2 percent and 2 percent of the false-name accounts were not checked with their real owners. Moreover, borrowed-name accounts that changed the titles into the names of the real holders came to 3,505 billion won.

The accounts that shifted from false names to real ones in the two-month grace period ending Oct. 12 last year and that were later reported to the NTA for taxation averaged 205 million won per account and 293 million won per holder, according to the Finance Ministry.

The real name-shifted accounts reported to the tax authorities accounted for 54 percent of the 6,283 billion won in all real name-shifted accounts, and the lower limits of the balance in such accounts subject to reporting to the tax authorities were 15 million won for those up to 20 in age, 30 million won for those aged 20 to 30 and 50 million won for those above 30.

Of the 68 controlling shareholders who placed their false-name shares under their real names, 19.1 percent were over 70 in age and 33.3 percent were of medium-sized companies capitalized at 5 to 15 billion won.

Hankook Tire Chairman Cho Yang-nae placed his 304,774 false-named shares under his real name, thus increasing his equity stake in the company from 6.63 percent to 30.86 percent. Choe Sun-yong, the chairman of Sin Tong-a fire and marine insurance, also obtained a new stake of 7.27 percent by transferring his false-named 484,638 shares to his real-named shares.

Of the total real-named accounts, those whose names have been confirmed come to 76.5 percent of the total number of 175,415,000 and 92.4 percent of the total amount of 405,426 billion won. Excluding idle accounts, the confirmed real-named accounts will come to 94 percent of the total amount.

Of the false-name accounts, those transferred to real-name accounts represent 94.8 percent of the total number of 631,000 and 98 percent of the total amount of 2,834 billion won, averaging 5.8 million won per account.

The borrowed-name accounts that shifted to real-name ones totaled 3,505 billion won, and it is thought that a considerable number have not yet been transferred to real-name accounts.

The Korea Development Bank issued 10-year bonds with a yield of 1-3 percent a year to attract the funds remaining in accounts transferred from false or borrowed names to real names, but only 114.2 billion worth has been sold so far.

Government To Maintain Basic Land Tax System

SK3007121794 Seoul YONHAP in English 1134 GMT 30 Jul 94

[Text] Seoul, July 30 (YONHAP)—President Kim Yong-sam instructed the Finance Ministry on Saturday [30 July] to study ways to maintain the basic system of the controversial tax on excessive growth in the value of land.

Kim told Finance Minister Hong Chae-hyong to correct defects and maintain the basic frame of the tax law, which the Constitutional Court virtually ruled unconstitutional Friday.

Kim was briefed on the ruling of the Constitutional Court by Minister Hong at Chongwadae [presidential offices] before instructing the minister to work out measures. Kim said that the government should continue to check speculative investment in land as well as prevent social disturbance following the court's ruling. The law came into force at the end of 1989 in order to check speculative investment in land, defying the resistance of many landowners.

Meanwhile, a citizen's organization issued a statement on Saturday that the government should strengthen the comprehensive land tax and capital gains tax on the transfer of real estate to fundamentally solve the problem of speculation in real estate.

The Citizens' Coalition for Economic Justice added that the ruling of the Constitutional Court confirmed that the law concerning the tax on excessive increase in the value of land was not a basic countermeasure against real estate speculation.

DLP To Legislate Basic Law To Meet WTO Structure

SK3107071494 Seoul YONHAP in English 0645 GMT 31 Jul 94

[Text] Seoul, July 31 (YONHAP)—The ruling Democratic Liberal Party (DLP) has decided to enact a basic law on science and technology to meet the environment under new international body, the World Trade Organization [WTO]. Officials of the ruling party said Sunday [31 July] the new law is designed to place some 300 existing laws and decrees under an orderly system of the basic law so that the government would effectively support the development of science and technology.

The enactment of a related law and the overall rearrangement of existing system is essential, the officials said while explaining that the development of science and technology is the only field available for the government's support under the WTO system.

If the new law would be made, it will pave the way for the government to execute its technological policies effectively. But the law will contain a declaration that it is not aimed at giving privileges to specific persons or businesses to clear up any disputes over the settlement to the Uruguay Round (UR).

The ruling party is planning to make a draft law by the end of this year after forming a working committee and holding public hearings.

Land Reclamation Project Proceeding as Planned

SK2507070094 Seoul YONHAP in English 0646 GMT 25 Jul 94

[Text] Chonju, North Cholla Province, July 25 (YONHAP)—The Saemangum Project, involving land reclamation along the west coast to develop an industrial complex serving as the center for the "west coast era," was proceeding as planned after construction of two of the four work sections was completed Monday [25 July].

Construction of Section I, which links Daehang-ri and Karyok Island, both in Puan County, North Cholla Province, through a 4.7-km embankment, and of Section III linking Sinsi Island and Yami Island in Okku County has been completed two years and eight months after work started.

As the finishing touches were applied to two of the four sections of the world's longest embankment, stretching 33 km, the prospect for completion of the remaining two sections by 2004 looked bright, said officials in charge of the project.

The Saemangum Project entails the establishment of the 33-km embankment linking Daehang-ri, Puan County, and nearby islands to create 40,100 hectares of land, 140 times wider than Yoido in central Seoul, the officials said.

The project, expected to cost 1,868 billion won, will create 28,300 hectares (86 million pyong) of land for industrial complexes and a lake covering 14,800 hectares (36 million pyong), according to the officials. It will also provide local residents and factories 1 billion tons of water annually and build an international port with a yearly loading capacity of 50 million tons. A total of 207.5 billion won will be poured into the project by year's end and 1,388 billion won will be needed by 1998, the officials said.

A ceremony was held Monday at Karyok and Yami Islands to mark the completion of half of the sections with government officials, lawmakers and local residents in attendance. Among them were Yi Kang-yun, governor of North Cholla Province, and Cho Hong-nae, administrator of the Rural Development Administration.

University President Views Student Movement

SK0208015294 Seoul YONHAP in English 0037 GMT 2 Aug 94

[Text] Tokyo, Aug. 2 (YONHAP)—Sogang University president Pak Hong told the MAINICHI SHIMBUN Monday that a student who was once invited to North Korea for scholarly purposes is now a professor in South Korea. He did not elaborate.

Pak, who recently created a sensation by claiming that student activists in South Korea are receiving instructions from de facto North Korean leader Kim Chong-il, made the remark in an interview with the Japanese daily in Seoul.

The university president said he has been to Tashkent, Berlin, Tokyo, Vienna, Moscow and Beijing because North Korean bases of operations in these cities are code-named "university professors."

In particular, he learned first-hand that North Korean agents are sending instructions through facsimile or over the phone to South Korean students at a hotel office in Tashkent.

Pak also said that since North Korea under Kim Chong-il is not giving up its nuclear program or activities that encourage students to follow Kim Il-song's "chuche" (self-reliance) philosophy, the junior Kim cannot maintain his power for more than two years unless he receives economic aid from overseas.

He added that those students who follow chuche are no more than 1-2 percent of the total, and that they became leaders of the student movement to realize Kim Il-song's pursuit of armed revolution in the South.

Typhoon Allows for Normal Rice Crop Yield

SK0208042094 Seoul YONHAP in English 0220 GMT 2 Aug 94

[Text] Seoul, Aug. 2 (YONHAP)—Rain brought by Typhoon Brendan over the past few days, putting an end to the month-long drought which damaged rice paddies across the country, will likely allow this year's rice crop to reach average levels, government officials said Tuesday [2 August].

The rain that fell across the nation over the weekend and early this week ended the drought, especially in the Yongnam (southeastern) and Honam (southwestern) regions, and breathed new life into parched rice plants, said officials of the Rural Development Administration (RDA).

The prolonged drought destroyed rice plants in a small number of paddies while allowing rice plants in most parts of the country, particularly in South and North Chungchong, Kangwon and Kyonggi Provinces, to flourish by providing sufficient sunlight and proper temperatures, the officials said.

The officials, accordingly, put the estimated rice crop at about 36 million sok (one sok equals 5.12 U.S. bushels) this year, exceeding the government's previous estimation of 35.3 million sok.

They predicted that the rice harvest will increase in most parts of the country this year compared with 1993, although rice plants on 2,700 hectares (0.2 percent of the total paddies) suffered severe damage during the nearly month-long dry spell.

The officials said rice plants can continue to grow for 40 days from the time they dry up, adding that 50 to 60 mm of rain completely ended the drought although there are some cracks in paddies because the drying-up period in the drought-hit southern part of the country was just around 20 days.

According to the officials, the temperature and amount of sunlight had a favorable effect on rice plants during the drought, despite the lack of water.

The amount of sunlight increased to 649.7 hours between May, when rice-planting started, and July 27, 151.9 more hours than the same period last year and up 84 hours compared with the average annual sunlight, they said.

The accumulated temperature reached 1,988.8 degrees centigrade during the same period, up 191.8 degrees from a year earlier and up 170.8 degrees over the average annual accumulated temperature.

Ironically, the long drought caused increases in the amount of sunlight and accumulated temperature and eradicated various insects, creating an environment in which rice plants could grow well, said the officials.

Cambodia

Indonesian General Meets With Ranariddh

BK0208062394 Phnom Penh AKP in French 0400 GMT 2 Aug 94

[Text] Phnom Penh, 2 Aug (AKP)—Indonesian General Tus Wandy was received in Phnom Penh on 28 July by Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia.

The objective of his visit was to strengthen Indonesian military support for Cambodia, and the Indonesian general learned about what Cambodia requires for the training of its armed forces.

"Indonesia, he affirmed, a promoter of the search for peace in Cambodia, will continue to support the Cambodian people." [quotation marks as received]

At the end of the audience, Prince Ranariddh thanked Indonesia for its concern over the Cambodian problem.

The Indonesian defense delegation met the same day with Mr. Ieng Muli, minister of information and chairman of CMAC (Cambodian Mine Action Center) [preceding four words in English]. They discussed information regarding the training of Cambodian sappers.

The delegation left Phnom Penh the following day, completing a week-long visit to Cambodia.

Foreign Companies Bid for Oil Refinery

BK3107130394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 29 Jul 94 p 4

[Text] A Thai investment company, the Ban Chang group, has teamed up with Sembawang, a Singaporean company, to bid for the construction of an oil refinery in Sihanoukville. The two companies have proposed an initial capital of 75 millions dollars [currency not further specified] and expect to produce 20,000 barrels per day (one barrel contains 159 liters). A Thai economic newspaper quotes Sok San, head of Ban Chang International Cambodia (Ltd.), as saying that the focus of the Ban Chang company's investment at the moment is on four projects: the establishment of an industrial export zone, municipal public transport, the construction of a 100-megawatt power plant in Phnom Penh, and the development of the oil refinery in Sihanoukville.

Concerning the plan to build the oil refinery in Sihanoukville, Sok San says that at the moment the investment project is in the last stage of consideration by the Cambodian Development Council (CDC), chaired by First Prime Minister Prince Krompreah [Ranariddh]. It is known that there are 11 companies bidding for this oil refinery, but the government will select only one.

The 11 companies bidding for investment in the Sihanoukville refinery are (Quata) from Liberia, the Thai company, the Tokyo Group from Japan, a company from France, Cambodia's SNM Board Export, France's (Technic) company, Nissho-Iwai from Japan, CMT from Thailand, Sembawang from Singapore, Petroleum from Thailand, and a company from Malaysia.

Sok San further says that "the unofficial result of the preliminary selection shows that four companies have been chosen for final consideration: France's (Technic), Japan's Nissho-Iwai, the Malaysian company, and Sembawang (Singapore)." I believe that "Sembawang should be selected because the company has experience and is building two similar oil refineries in Vietnam and is also an expert in environmental protection." He adds that the Ban Chang company has already reached an agreement with Sembawang (Singapore) to pool investment in building the oil refinery in Sihanoukville to meet the country's need of 400,000 tonnes of oil per year. If official permission from the Cambodian Government is granted, it is expected that the refinery will start production in 20 months.

Sok San stresses that since Cambodia does not yet extract raw natural oil, during the first five years raw materials will have to be imported until oil can be taken from wells in the Cambodian sea. It is worth noting that at the moment there are companies from France, Britain, Malaysia, and Japan exploring for oil in the Cambodian sea.

Article Says Arms Aid 'Most Urgent' Issue

BK0208055594 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1-2 Aug 94 pp 1, 2

[Article from the "This Issue's Comment" column: "The Economy Is an Important Issue, But Arms Aid Is the Most Urgent One"]

[Text] The situation in the past few weeks shows that the international community, particularly the signatories of the Paris agreement [on Cambodia], have paid great attention to the question of giving military aid to the Royal Government of Cambodia [RGC]. Although some countries are not pleased with it, this movement is growing and gaining increasing support, particularly from the United States, France, Australia, Indonesia, and Malaysia.

This kind of a movement is not a violation of the Paris Agreements nor an effort to widen the scope of the war in Cambodia. Nevertheless, it is the duty of the signatories to protect the legitimate government of Cambodia born out of the UN-sponsored elections held in May 1993.

The agreement states clearly that Cambodia enjoys the right to get all kinds of military materiel necessary for ensuring its sovereignty and territorial integrity.

The situation in Cambodia has now reached that "necessary stage." The Khmer Rouge have enhanced their harassment activities in the country by preparing forces for an offensive on three districts in Battambang Province, planting more mines, and recently attacking a train in Kompong Trach in Kampot Province to kill innocent people.

The kidnapping of foreigners, especially European nationals, is also a campaign that the Khmer Rouge are launching in an attempt to mar the military relations between the European nations and Cambodia.

None of these military activities of the Khmer Rouge have been condemned by any of the individuals and countries which used to support the Khmer Rouge. However, the RGC was always condemned whenever it launched any military operation against the Khmer Rouge or called for arms aid to suppress acts of terrorism by the Khmer Rouge.

The present most important task for the RGC is not to let itself become a hostage of any individual or country. This means that it must seek ways for self-defense with a sense of responsibility to prevent Cambodia from experiencing the destruction that it once suffered at the hands of those who trusted the Khmer Rouge too much.

The RGC recently sent a request for military aid from U.S. President Bill Clinton to help it fight the Khmer Rouge. This is an appropriate request.

All the suggestions made by Australian Foreign Minister Gareth Evans as well as the latest idea of the French minister of European Affairs concerning the supply of military aid and training for the Cambodian armed forces constitute a splendid gesture. However, these personages proposed as a barter for this aid the restructuring of the armed forces so as to eliminate corruption and indiscipline. This is also an important problem, to which the RGC must pay great attention and which it must quickly resolve.

A strong army cannot be one that has within its ranks many high-ranking persons who lack experience and the will to fight. Moreover, corruption in the army is an important factor leading toward defeat. We have already learned these lessons from the Anlong Veng and Pailin battlefields. Therefore, the RGC must quickly fulfill this prerequisite of the countries which are ready to provide it with aid.

At present, what the Khmer Rouge are very afraid of is the arms aid. It is not aid for economic development. There has never been any Khmer Rouge reaction to or concern over any economic aid to Cambodia. However, they are very alarmed to hear that Cambodia is getting military aid, particularly from the United States, France, and Australia.

It is true that as long as the Khmer Rouge still exist, national construction cannot be carried out. At the same time we will not be able to protect our past achievements if we do not have weapons.

Therefore, for Cambodia, while economic aid is an important issue, arms aid is the most urgent one.

Military Situation in Preah Vihear Reported

BK3107144394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 31 Jul 94 p 2

[Text] Police at the Cambodian-Lao border report that 102 Cambodian families have fled from attacks by outlawed Khmer Rouge rebels to seek refuge in Muang Khong, Champasak Province, Laos.

Some 445 Cambodians left their homes in Chey Sen and Chhep Districts in Preah Vihear Province, and crossed the border into Laos due to large-scale attacks by the Khmer Rouge on Chey Sen and Chhep District cities early last week which resulted in the destruction of houses and property.

An official source has reported that on 18 July about 100 outlawed bandits attacked the Chey Sen district seat. The district office, hospital, and nearly 100 houses were burned down, three persons were killed, and 14 others wounded. However, two days later, on 20 July, the Khmer Royal Armed Forces seized back this district city.

The same source adds that following their defeat in Chey Sen District, nearly 100 rebels attacked the Chhep district city on 21 July in an attempt to wrest control of it. The district forces briefly withdrew, but managed to take back the district seat. There are no clear figures yet about casualties there. However, the majority of the people have fled the fighting into Stung Treng Province; some crossed into Laos to save their lives.

Authorities in Champasak Province want the 102 families taking refuge in Muang Khong to quickly return to Cambodia. There is no sign of any reply yet from the Cambodian Government. The border pass through which Laos plans to repatriate the refugees is Dong Kralong Pass in Stung Treng Province.

The situation in Preah Vihear Province seems to have slightly calmed down.

Paper Reports Khmer Rouge Activities

BK3007155594 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 30 Jul 94 pp 1, 9

[Summary] A REAKSMEI KAMPUCHEA correspondent reports from Siem Reap Province that over the past few weeks Khmer Rouge rebels have attacked and controlled Lveng Russei commune in Chikreng District, Siem Reap Province. The commune is on the border of Kompong Thom and Siem Reap Provinces.

A villager named Samnang, who fled from the commune, says that the people there are facing great difficulties and threats from the Khmer Rouge because the latter use guns to solve problems. According to Samnang, "immediately after the Khmer Rouge took control they rounded up people to dig up and destroy national Route 6. The Khmer Rouge told the locals that the digging is part of the plan to expand Democratic Kampuchea's development zone; in other words, destroy national Route 6 to make way for farmland." Samnang adds that this section of national Route 6 is now almost a paddy field.

Another source in the Khmer Royal Armed Forces disclosed that the Khmer Rouge are destroying roads and dikes, part of the program to expand Democratic Kampuchea's development zone, that is, expand the paddy fields. The same source says that a number of dikes in Svay Leu District, Siem Reap Province, have been destroyed by the Khmer Rouge.

Khmer Rouge on Gareth Evans, West

BK0108124094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 31 Jul 94

[Unattributed commentary: "The Cambodian Nation and People Condemn Gareth Evans, the Henchmen's Chieftain Who Is Soliciting Military Aid for the Two-Headed Elements To Continue Communist Vietnam's Aggressive War Against the Cambodian Nation, People, and Race"]

[Text] At the ASEAN meeting held in Bangkok last week, Australian Foreign Minister Gareth Evans vociferously and arrogantly pressured, influenced, and impelled others, left and right, to send military aid to the two-headed elements, puppets of communist Vietnam and traitors to the nation, so they can continue igniting the communist Vietnamese war against the Cambodian nation and people. Everybody knows this man Gareth Evans' true colors. He is known as the pawn, the proxy of the United States in the region, incessantly butting in on other countries and bullying other peoples. Concerning Cambodia alone, Gareth Evans and Australian General Sanderson tried their mighty best since the beginning to destroy this country. They colluded with communist Vietnam, its puppets, UNTAC [United Nations Transitional Authority in Cambodia] and Akashi, and the alliance of villains in savagely violating and trampling on the Paris accords. They refused to verify the withdrawal of aggressor Vietnamese forces. They did everything to keep the aggressor Vietnamese forces and the communist Vietnamese puppet administration so that the latter continued to have an exclusive and dictatorial hold on Cambodia. They opened every door into Cambodia to the torrential influx of Vietnamese nationals who now number about four million. They opposed national reconciliation, preventing Cambodia from reunifying and achieving peace. Later, they organized the combined operations of the communist Vietnamese puppet forces and U.S. puppet para [noncommunist resistance] troops to attack Democratic Kampuchea and the Cambodian people at Phnum Chhat, Stoung, Anlung Veng, Pailin, Malai, and other areas. They have joined hands in fanning and spreading the flames of the communist Vietnamese war to the western part of Cambodia to allow communist Vietnam to massively settle Vietnamese nationals in the eastern and southern parts of the country.

The National Army of Democratic Kampuchea and the Cambodian nation and people joined forces in a courageous struggle to crush the invading forces of the two-headed government, including both the communist Vietnamese puppets and the U.S. puppet para troops, handing them heavy and shameful defeats.

Now, the alliance of villains—the United States, Australia, and France—is frenziedly rushing to the rescue of the two-headed government, helping to provide it with everything from rice to eat to military aid to continue fanning the flames of war in Cambodia. Gareth Evans himself is a foreign minister. However, he seems to be completely ignorant of the history and law and norm of both the regional and global wars.

What does Gareth Evans have that is better than the aggressor communist Vietnamese?

The aggressor communist Vietnam occupied Cambodia on the spot for 14-15 years, and it could not organize the army of its puppets. More than 250,000 aggressor Vietnamese troops stayed right on the battlefield and side by side with the puppet troops, training them day and night, and yet they could not make anything out of the puppet army. Communist Vietnam, though benefiting from the huge assistance of the former Soviet Union and Warsaw Pact worth more than $20 billion, still failed to swallow Cambodia and organize its own puppet army. Why?

It is because:

1. The communist Vietnamese are aggressors and murderers while their puppets are traitors and slayers of their fellow countrymen.

2. The entire Cambodian nation and people have waged a struggle against the communist Vietnamese aggressors and their puppet lackeys and this struggle follow a correct line of guerrilla and people's warfare. It is a tenacious, courageous, and valiant struggle filled with a resolute sense of patriotism and love for the people.

This means that communist Vietnam and its puppet lackeys are the aggressors. They wage a war to do away with the Cambodian nation and people. So, the Cambodian people have risen up to save their own nation. This is one thing. Another thing is that the communist Vietnamese aggressors are bandit chieftains who practice a scorched-earth policy and their puppets are the worst bandits who would kill everybody and burn and rob everything. Both the communist Vietnamese aggressors and their puppet lackeys may still storm and thunder and bully other people as long as the latter put up only a token resistance and do not follow a correct line of guerrilla and people's warfare. However, if the people put up a real fight and follow a correct line, these gallows birds would run for dear life. In particular, greenhorns like the United States, France, and Australia should look at the fate of the communist Vietnamese and puppet armies over the past 15 years and should also examine the fate of Dap Chhuon, Chan Reangsei, Put Chhay, and In Tam, who were the puppets of France and the United States.

The Cambodian nation and people belong to a small and poor country. We need peace to work for our livelihood and build our country. We do not want war. It is the bandit chieftains who keep bullying and strangling small countries. Therefore, the Cambodian nation and people are the plaintiff whereas they are the accused. They must bear full and total responsibility for the acts of aggression against the Cambodian nation and people. Aggressors have no right whatsoever to lecture good and innocent people.

'Cabinet' on Foreign Arms Aid, Immigration Bill

BK0108135394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 1 Aug 94

[Press communique on 1 August "cabinet" meeting of the Provisional Government of National Union and National Salvation; place and date of issue not given—read by announcer]

[Text] 1. On Monday, 1 August 1994, the Cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session under the chairmanship of His Excellency Khieu Samphan, prime minister of minister of the national army, and with the participation of all cabinet members.

2. The cabinet heard the report of each ministry and thoroughly examined and discussed the domestic situation in all aspects and the international situation that concerns the struggle of our Cambodian nation and people.

3. The cabinet noted that:

A. The aggressive war of communist Vietnam is being escalated by the Western alliance of villains, such as the United States, France, and Australia, meaning that the Western alliance of villains is sending arms to the puppets of communist Vietnam and the two-headed government to continue fanning the flames of communist Vietnam's aggressive war against the Cambodian nation, people, and race. They are carrying this out without the slightest regard for international law, the UN Charter, or the right to self-determination of the Cambodian people and without any care for the strident protest raised by countries and peoples in the region.

B. Communist Vietnam and the Western alliance of villains are colluding with one another in fabricating an immigration law that is not aimed at solving the problem of the 4 million Vietnamese nationals who have immigrated and are immigrating into Cambodia, but is aimed instead at legitimizing communist Vietnam's annexation of Cambodia. They use the two-headed government as communist Vietnam's fascist instrument to stamp a seal of approval for communist Vietnam's aggression against Cambodia, communist Vietnam's nibbling at Cambodian territories, and communist Vietnam's sending of an increasing number of Vietnamese nationals to Cambodia.

C. The fascist coup d'etat staged by communist Vietnam and its puppets at the beginning of July and the fascist law that they are currently enforcing constitute a coup d'etat to overthrow the king and arrest and imprison innocent Cambodians who want peace and oppose communist Vietnam's aggressive war.

D. They are devoting all their energy to igniting the flames of war against the Cambodian nation and people so that communist Vietnam can swallow Cambodia up. As for the alliance of villains, they are trying hard to butt into this aggressive war of communist Vietnam to take an active part in chewing the flesh and sucking the blood of the Cambodian nation and people. As for the two-headed government, it continues to become deeply entrenched in serving as the fascist, right-hand instrument of communist Vietnam and the Western alliance of villains to betray the nation, sell out the country, and slay the Cambodian people.

4. The cabinet more clearly saw that our entire Cambodian nation and people, especially the peasants, who have suffered and are suffering from the devastation by an endless war, need peace and wish that the war would end as soon as possible. Our Cambodian nation and people cannot endure it any longer and are conducting increasingly energetic activities against the warmongers. The peasants in particular do not wish to die and refuse to be forcibly drafted to fight. The peasants are waging a vigorous struggle in all forms against being drafted by the two-headed government as soldiers or militiamen.

5. The cabinet observed that in the past week each ministry has implemented and is implementing all the resolutions of the cabinet with diligence and a high sense of responsibility. The cabinet advised the ministry of the National Army, Ministry of Foreign Affairs, Ministry of Rural Areas, Agriculture, and Water Conservancy, and Ministry in Charge of Situation and Labor in Phnom Penh and the Cities to inform our nation and people of their respective developments and work objectives, all of this, so that the nation and people as well as the PGNUNS can join hands as a single force and proceed together in solving our nation's problems one after another.

1 August 1994
[Signed] Secretariat of the cabinet of the PGNUNS

House To Read Investigation, Immigration Bills

BK0108134294 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 1 Aug 94

["Communique"]

[Text] The Secretariat General of the National Assembly would like to inform the public that the National Assembly of the Kingdom of Cambodia will open an extraordinary session of the first legislature at 0800 on Wednesday, 3 August 1994, at Chattomuk Hall.

During this extraordinary session, the National Assembly will examine and discuss the following agenda:

1. The investment bill of the Kingdom of Cambodia.

2. The immigration bill.

The public will hereby be kept posted on this news.

Economic Recovery 'Fragile but Encouraging'

BK0208012194 Hong Kong AFP in English 0105 GMT 2 Aug 94

[By David Botbol]

[Text] Phnom Penh, Aug 2 (AFP)—Despite a constant battle against Khmer Rouge rebels, bandits, corruption and chronic political instability, Cambodia has begun to put its devastated economy in order.

Preliminary results are fragile but encouraging.

The government has stopped churning out banknotes, the currency has stabilised, inflation is below 10 percent, customs returns are up, and for the first time in its stormy history the country has adopted a fairly balanced budget, according to foreign observers in the capital.

But new Finance Minister Sam Rangsi is the first to admit that he cannot really turn the economy around, or attract foreign investors, until certain fundamental problems are addressed, including the lack of a legal framework and an abysmal infrastructure.

"This country will be able to develop when the rule of law holds sway over the power of money and the gun," he told AFP.

"I aim to introduce that rule of law."

"The international community should help us with this primary goal," said the finance minister, who up until last year ran a successful finance management business in Paris.

Highly-regarded by international agencies, Sam Rangsi recognises his reforms for Cambodia "will clash with powerful and numerous institutions in the country with a vested interest" in the status quo.

Crucial investment legislation, delayed for several months by argument in the National Assembly, will be discussed and voted on by the end of the week, Sam Rangsi said.

This law, most importantly, will exempt firms from profit tax for eight years after they turn their first profit. After that they will be taxed at nine percent, one of the lowest tariffs in the region.

A number of other bills, including new commercial legislation, should be introduced in coming months. Eventually, Sam Rangsi hopes to see new land laws, banking laws, an employment code, and privatisation law. At present, 30 percent of firms, notably industrial firms, are under central control.

Breaking down the economy's dependence on the US dollar, which would encourage savings, is also on the cards, thanks to greater price stability and, since June, a return to positive interest rates.

Each day, on the ground floor of the Central Bank, dozens of employees sort out tonnes of 500 riel (20 cent) notes, the biggest in circulation. By the end of the year larger-denomination notes, printed in France, will be introduced.

The vice governor of the Central Bank, Chulong Somura, said this would "greatly help" cut the reliance on the dollar. The greenback now accounts for more than three-quarters of the cash in circulation throughout the country.

In the wake of its dynamic neighbour, Vietnam, numerous foreign investors have visited Cambodia to test the waters, but have refrained from taking the plunge in the face of the many risks which remain.

Sam Rangsi is confident that the day the political and military situations stabilise, tourism—from the Angkor temples in the north to the beaches of Sihanoukville in the south—will be the first to benefit from foreign investment, especially in hotel construction.

For now, Cambodia continues to pay the price for its divisions. While its tax revenue can just about cover government expenditure, the notoriously corrupt army last month issued a decree reserving for itself the lion's share of the financial spoils from the timber industry—including 90 percent of rubber exports—under the pretext of financing its struggle against the Khmer Rouge rebels.

Such bullying tactics, strictly against the rules, risk provoking a freeze on hundreds of millions of aid dollars promised by international bodies, as well as hampering the improvement of the infrastructure and jeopardising the resurgence of the economy.

Indonesia

Minister: Invitation Open To Join Growth Area

BK3107135494 Jakarta ANTARA in English 1627 GMT 30 Jul 94

[Text] Jakarta, Jul 30 (OANA-ANTARA)—Cooperation between four countries (Indonesia, Brunei Darussalam, Philippines, and Malaysia) in the East Asia Growth Area (EAGA) does not rule out the joining of other countries by establising joint ventures.

"Countries such as Japan, South Korea and some European countries may invest their capital in the area (EAGA)," Coordinating Minister for Industry and Trade Hartarto told the press after chairing a meeting on industry and trade for discussing the further development of EAGA in Jakarta Saturday.

Hartarto's assurance was a response to an Australian wish to join EAGA once expressed by Prime Minister Paul Keating to President Suharto while on a visit to Indonesia some time ago.

However, he said, the activities will only be carried out in the main cities covered by the EAGA such as Manado, Balikpapan, and Pontianak of Indonesia, Davao of South Philippines, and Brunei Darussalam as well as in Sabah and Sarawak of East Malaysia.

Hartarto said aviation would be a sector which may be covered by third-party countries as in practice, EAGA would open new flight routes linking the cities covered, and flight routes to other major cities in the world.

With regard to flights between the main cities within EAGA, Minister of Transportation Haryanto Danutirto said flight routes will be expanded.

"Three main cities in Indonesia such as Manado, Balikpapan, and Pontianak will have flight routes to other big cities in other countries outside EAGA," he said.

In the meantime, Minister of Tourism, Post, and Telecommunications Joop Ave who was also attending the meeting said if the private sector was not able to build the necessary seaports and telecommunication facilities, the government would provide them.

"The government would try to create a favourable business climate, but if the private sector is still not ready, the government would lend a helping hand," he added.

In view of the vast area covered by the EAGA, Joop believed that many infrastructural facilities in telecommunication would be urgently needed and realised.

"It is the task of state-owned companies to build the infrastructure without expecting too much gains such as hoped by private businesses," he added.

The meeting was also attended by Forestry Minister Jamaluddin Suryohadikusumo, Minister of Industry Tunky Ariwibowo, and the governors of West Kalimantan, East Kalimantan, and North Sulawesi.

* Suharto Extends Assistance to Cambodia

94SE0166A Jakarta ANGKATAN BERSENJATA in Indonesian 21 Jun 94 pp 1,10

[Text] The Indonesian people and government will continue to take the position that they will aid Cambodia's efforts to re-develop, both bilaterally and cooperatively within various international forums. However, only the Cambodians themselves can determine their own fate and future, no matter how much of a commitment the international community, including Indonesia, places on peace and development in that nation.

President Suharto made this statement in the speech which he delivered at an official dinner in honor of Cambodia's First Prime Minister Prince Ranariddh, Mrs. Marie Ranariddh and Second Prime Minister Hun Sen at the State Palace last night. Mrs Tien Suharto, Vice President and Mrs Try Sutrisno, all ministers and other high officials also attended.

The Head of State said that the international community has shown its support for the Cambodian people through the International Committee for the Reconstruction of Cambodia.

Although the problems discussed at the committee meetings in Paris and Tokyo have not been completely worked out in a satisfactory way, continued the Head of State, the important thing is that the government of Cambodia and the governments of the donor nations are in full agreement on their joint desire to seek the best possible way to increase the prosperity and welfare of Cambodia's people.

The commitment of the international community to peace and development in Cambodia has also been shown by the depth of UN involvement in Cambodia. "In this regard, Indonesia believes that the UN must continue to play an active role in national reconciliation, rehabilitation and reconstruction in Cambodia," said the president.

Desire for Peace

The Head of State said that Indonesia is also happy to see that the people of Cambodia have successfully implemented the steps in the Paris Agreement. The organization of free and fair elections in which the majority of the people participated in May 1993 under UN supervision, the president said, is proof of the Cambodian's people's desire to end the suffering which they have endured as a result of the prolonged war there.

The Head of State considers that Cambodia, under the rule of Norodom Sihanouk, will be able to overcome existing problems in order to create national unity. The Head of State also said that he always keeps up with the steps being taken by the two prime ministers to run their government.

"We also pray that the Cambodian people are successful in embarking on national rehabilitation and construction," said the president.

The experience of Indonesia's development, said the Head of State, teaches us that rehabilitation, reconstruction and development are determined by the ability of the government to make use of the aid offered by the international community, in addition to their ability to run an effective government.

"National stability is the main precondition for development. Without steady national stability it is difficult to carry out development," said the president.

The Head of State emphasized that Indonesia considers national stability in Cambodia to be very important for the stability of the Southeast Asia region. That is why Indonesia will continue to aid Cambodia's efforts at redevelopment. If it is useful, Indonesia will share its experiences about the development process with Cambodia.

The Head of State explained to his guests that Indonesia, together with other developing nations, is actively engaged in economic and technical cooperation with developing nations. Indonesia believes that the only way to decrease dependency on the advanced industrial nations is by close cooperation among fellow developing nations.

"At the present time we are living in the final period of various types of confrontation. That is why the developing nations are no longer using confrontational rhetoric in their struggle. What we must develop now is real cooperation in international partnership for socioeconomic development," he said.

The Head of State said that the areas of cooperation must focus on the pressing problems faced by the majority of the people in the developing nations, such as population and family planning, securing the food supply, handling foreign debt, and education and health.

Experience

Cambodia's two prime ministers will be in Indonesia for three days. Also visiting are Minister of Agriculture, Forestry and Fisheries Kong Som Ol; Minister of Trade Var Houth; Minister of Education, Youth and Sports Ung Hout; and Minister of Industry, Mining and Energy Pou Sothirak.

They arrived at the courtyard of the Freedom Palace yesterday around 10:55 West Indonesia Time in the vehicle used for official visitors. Ranariddh sat in the right seat and Hun Sen in the left. The first to be welcomed by President and Mrs. Tien Suharto was Ranariddh and then Hun Sen was greeted. Ranariddh was accompanied by his wife Marie Ranariddh.

After that, there was a military ceremony for official visitors. Ranariddh sat in the place of honor between President Suharto, who sat to his left, and Hun Sen, who sat to his right. Ranariddh and Hun Sen were wearing flower leis. After that, the three of them held their first brief meeting in the Jepara Room of the Freedom Palace.

Minister of State/State Secretary Moerdiono said that Prime Minister Ranariddh spoke quite a lot at the meeting and that he expressed his gratitude for the president's invitation.

"In particular, the Prime Minister expressed his appreciation and gratitude for the role which Indonesia has been playing to put Cambodia on the road to peace so that a constitutionally based Cambodia can be formed," said the Minister of State/State Secretary.

Ranariddh also said that Indonesia is the Cambodian people's best friend and he hopes that this visit will make their traditional relationship even closer.

The Head of State told his guests that Indonesia understands Cambodia's remaining problems. He said that in the area of freedom it took Indonesia about 20 years to achieve national stability and to begin the process of development.

"The two Prime Ministers of Cambodia also told President Suharto that the Cambodian people are determined to solve their internal problems as quickly as possible so that Cambodia can rise again and develop immediately," said Moerdiono.

Asked about the focus of today's talks between the two leaders, Moerdiono explained that as usual there is no fixed agenda for a meeting of this type.

"But I guess that the two prime ministers want to hear from President Suharto about issues of consolidation for a nation which has just finished facing internal unrest. It is also possible that the two prime ministers will hear about Indonesia's experiences in the initial stages of development," said Moerdiono.

In light of the ministers who are accompanying the two prime ministers, he said, it is certain that economic and developmental problems will be emphasized.

Yesterday afternoon, the two prime ministers paid a visit to the Kalibata TMP [Heroes' Cemetery]. After that, they paid an honorary visit to Vice President Try Sutrisno, before attending the state dinner at the State Palace.

Plans are for the two prime ministers, after holding 90-minute talks with President Suharto, to hold meetings with KADIN [Indonesian Chamber of Commerce and Industry] at the Arya Duta Hotel, and then to visit the Kawasan Berikat Nusantara.

On the third day of their visit to Indonesia, the two prime ministers will say goodbye to President Suharto before going on to Bandung to observe the IPTN [Nurtanio Aircraft Industry] and to visit the KAA [Airship] Museum. Then the two prime ministers will leave Jakarta via Halim Perdanakusuma Airport.

Request for Indonesian Support

Ranariddh began his speech by wishing President Suharto a happy New Year on behalf of the King of Cambodia Norodom Sihanouk.

Ranariddh acknowledged that after two decades of war his country feels an urgent need to rebuild its socioeconomic infrastructure. This work will not succeed without the participation and strong support of the strong nations in the region, including Indonesia.

"However, the process of reconstructing and developing Cambodia at this time is still threatened by the continuing limited war between the government of Cambodia and the Khmer Rouge separatists," said Ranariddh.

He added that the Cambodian government really fully supports all the proposals for peace and national reconciliation put forward by Sihanouk, such as round-table meetings and a truce. However, he said, the government of Cambodia must continue to be responsible for guaranteeing national security and territorial integrity.

"So our visit to Jakarta is to ask for aid from the Indonesian government so that the Cambodian government elected in the general elections can shoulder the responsibility for the intactness of the Cambodian people," he said.

The government of the Kingdom of Cambodia, he emphasized, is ready and willing to hold negotiations and to seek a compromise solution with all parties, and to lead the entire potential of the nation towards national unity marked by peace and freedom.

"With the aid of friendly nations, such as Indonesia, the government of Cambodia hopes to continue its work of rebuilding and developing our country in order to increase our people's standard of living. We are convinced that such steps will put a quick and definitive end to the Khmer Rouge rebellion," said Ranariddh.

However, he reemphasized, "the government of Cambodia continues to demand that Part III of the Paris Agreement concerning inter- national guarantees for the sovereignty, freedom, territorial integrity as well as the neutrality and national unity of Cambodia be carried out," said Ranariddh.

Suharto Wants Common NAM Stance

BK0208082594 Jakarta ANTARA in English 1607 GMT 1 Aug 94

[Text] Jakarta, Aug 01 (OANA-ANTARA)—President Suharto said Monday Indonesia which now chairs the Nonaligned Movement (NAM) hoped that NAM member states would adopt a common stance in the face of the summit on population in Cairo, Egypt, next month.

"As NAM chairman, Indonesia initiates to ask all members of the movement take a common step and develop partnership in the face of the Cairo summit," the president said at his Bina Graha Presidential Office.

Opening a two-day meeting of NAM's working group on "Population Partnership and Development, a South-South Initiative," the head of state said that Indonesia is ready to expand cooperation which it has so far carried out with other developing countries.

"We open ourselves for cooperation in the application of science and technology, health and other fields," the president, who was accompanied by State Minister for Population Affairs Haryono Suyono, said.

The president said Indonesia is convinced that (?enhancement) of cooperation among NAM members is the best way to expand cooperation among developing countries.

"But we are also aware that cooperation among the South-South countries is not enough. The cooperation should constitute international cooperation which also involves advanced countries," Suharto said.

On the occasion, the head of state said that even though it is ready to share its experience with other developing countries, Indonesia also wants to learn from other countries' experiences.

"We can also learn from the experience of other developing nations in order to accelerate the pace of our development," Suharto told delegates from Bangladesh, Egypt, Kenya, Morocco, Mexico, Tunisia, Thailand, Zimbabwe and Indonesia.

Explaining Indonesia's achievement in the population field, Suharto said that the infant mortality rate has dropped from 145 per 1,000 live births in 1970 to only 55 per 1,000 live births currently.

In the mean time, the birth rate has been reduced from 2.5 per cent in 1970 to 1.6 per cent at present.

* Official Expresses Concern About 'Openness'

94SE0167A Jakarta ANGKATAN BERSENJATA in Indonesian 16 Jun 94 pp 1,11

[Text] Minister of State/State Secretary Moerdiono expressed his concern about some people's ideas on unlimited openness because the idea of transparency set in motion by the government itself also carries responsibilities along with it.

"We must think about what is meant by openness because transparency is not the same as being open," he said at the close of a seminar reinvestigating the political format of the New Order which was held in Jakarta on Wednesday.

The seminar, sponsored by the Indonesian Academy of Sciences (LIPI), was held in connection with a commemoration for Dr. Alfian, the LIPI scientist who passed away on 25 November 1992 in Germany at the age of 52.

The Minister of State/State Secretary made that statement after listening to comments by LIPI researcher Taufik Abdullah, who suggested that the mechanism of "National Internal Controversy" be maintained because it plays a role in giving birth to new levels of nationalistic feeling.

Taufik gave as an example that every time a new national level is laid down, for example Budi Utomo in 1908 and the Youth Pledge in 1928, "controversy" concerning the form of Indonesian nationalism shoots to the surface.

Moerdiono said that the main difficulty with openness is to make sure that it does not head in the direction of disorder.

"Thinking about this together is even more important if it turns out that the responsibilities of the perpetrators of openness should be open to question," he said.

The West Is Inconsistent

On that occasion, Moerdiono also expressed his hope that scientists not be mesmerized by everything coming from the West because they themselves are inconsistent in what they say.

He gave as an example the "one man one vote" mechanism in the UN, which turned out to be ineffective since the Security Council has the power of the veto over UN decisions.

"So the losers will go to the Security Council because they have the veto," he said.

He also gave as an example the imbalance of information flow between the West and the East which operates in such a way as to make even Asian viewers swallow all kinds of Western information and "provocations" whole.

He said that he is glad that the founders of Indonesia, having been through a Western education and such strong colonialism, did not choose to set up a state based on Western ideas.

Naval Patrol With Malaysia, Sea Lanes Viewed

BK3107140294 Jakarta SUARA PEMBARUAN in Indonesian 14 Jul 94 p 2

[Editorial: "From the Straits of Malacca to the Straits of Makassar"]

[Text] A planned coordinated joint naval patrol operation codenamed "Patkor Malindo" between Indonesia and Malaysia in the Straits of Malacca for 1994 has been discussed by the two countries' Navy officials. The joint operation is aimed at protecting vessels passing along the strait from possible acts of piracy. The joint operation is also intended to stop sea pollution, goods smuggling, smuggling of illegal Indonesian workers into Malaysia, and illegal entry [preceding two words in English].

Aisyah Amini S.H. [Master of Law], chairman of Parliamentary Commission I [Roman numeral one] of the Republic of Indonesia House of Representatives told ANTARA in Palu, Central Sulawesi Province on Tuesday, 12 July that the government is planning to shift international sea traffic from the Straits of Malacca to the Straits of Makassar at the beginning of next year to ease the sea traffic congestion along the Straits of Malacca. She said that the government has asked the commission's opinion concerning the plan to make the Straits of Makassar an alternative international sea lane.

Special attention should be given to the planned "Patkor Malindo" operation and the shift to the Straits of Makassar as an alternative international sea lane to ease traffic congestion in the Straits of Malacca because they are vital and strategic plans, especially now that the Law of the Sea adopted at the Third UN Convention on the Law of the Sea in 1982 will become effective in November this year. Sixty signatory countries have ratified the treaty. As we already know, Indonesia ratified the treaty through Law No. 17/1985.

Actually, the Straits of Malacca has been a problem within the International Law of the Sea since the seventies, especially since Indonesia and Malaysia signed an agreement on demarcating their border along the straits on 17 February 1970 on the basis of the principles of a medium line [preceding two words in English]. As a result, most of the straits come under the sovereignty of the two coastal countries. In 1971, Indonesia and Malaysia decided to instruct heavy tankers to sail through the Straits of Makassar or the Straits of Lombok considering that several parts of the Straits of Malacca are very narrow and shallow.

Developed countries, especially the United States and Japan, claim that the Straits of Malacca is an "international strait" [preceding two words in English] where foreign vessels are entitled to free transit [preceding two words in English] in the area. But Indonesia and Malaysia have objected to this and are intensifying efforts to maintain that the Straits of Malacca is not an international strait except that it is a strait used for international navigation [preceding five words in English], and due to this fact, foreign vessels will be allowed the right of innocent passage [preceding two words in English].

We can anticipate a strong protest from developed countries, especially the United States and Japan, over the government's plan to shift international sea traffic for foreign heavy tankers from the Straits of Malacca to the Straits of Makassar. About 70 percent of Japan's oil imports are shipped through the Straits of Malacca and the transportation cost will be very high if the heavy tankers are forced to sail through the Straits of Makassar. As a result, there will be a drastic increase in the prices of oil in Japan.

In this connection, we have to think about the status of the Straits of Makassar once it is turned into an alternative international sea lane. Currently the Straits of Makassar is regulated by the archipelagic water [preceding two words in English] regime of an archipelagic state [preceding two words in English] on which Indonesia has the right to designate archipelagic sea lanes [preceding three words in English] for foreign vessels passing through its territory in accordance with the Convention of the International Law of the Sea adopted in 1982.

In other words, if the Straits of Makassar becomes an alternative international sea lane, will its status change from an archipelagic water [preceding two words in English] to a strait used for international navigation [preceding five words in English] or immediately to an international strait [preceding two words in English]? Obviously, Indonesia's national security and defense will be seriously jeopardized if the status of the Straits of Makassar with all its aspects becomes a "strait used for international navigation" or even an "international strait" because the change will be very likely to collide with Indonesia's sovereignty. Besides, Indonesia should be responsibile for providing facilities and infrastructure to guarantee the passage of foreign vessels in the Strait of Makassar. This will indeed be a heavy task and one that will require a large amount of funds.

But in the reverse, we agree with Madame Aisyah Amini's views that turning the Straits of Makassar into an international sea lane will accelerate development in the eastern part of Indonesia in the same way as the western part of Indonesia has enjoyed progress due to the status of the Straits of Malacca as an international sea lane.

There will be nothing wrong if the plan to turn the Straits of Makassar into an international sea lane becomes a subject for discussions of the "Patkor Malindo" operation that is scheduled to be conducted soon.

Diplomatic Ties Established With Tajikistan

BK0108154394 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 1 Aug 94

[Text] Indonesia and the Republic of Tajikistan have established diplomatic ties to enhance bilateral relations. According to a press release of the Department of Foreign Affairs in Jakarta today, a joint communique on the establishment of diplomatic relations was signed in Moscow on 27 July by Indonesian Ambassador to Russia Rakhmat Witular [name and title as heard] and Tajik Ambassador to Russia Abdullajanov Abdulmalik [name and title as heard], who represented their respective governments. According to the joint communique, the establishment of diplomatic relations was motivated by the desire of the two sides to develop and strengthen friendly relations and cooperation on the basis of mutual respect for sovereignty, independence, and territorial integrity and non-interference in each other's internal affairs.

Vice President Receives Australian Minister

BK0108113794 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 1 Aug 94

[Text] Vice President Try Sutrisno received a courtesy call from visiting Australian Defense Minister Robert Ray at the South Merdeka Palace in Jakarta this morning. Ray was accompanied by Edi Sudrajat, minister of defense and security.

Sumardi, officer of the vice presidential staff, told newsmen that during the meeting Try Sutrisno told his guest that Indonesia is giving priority to economic and socio-cultural development knowing that there are still many people living below the poverty level. Sutrisno added that it is a heavy task for the government to carry out.

Sumardi said the vice president also explained to Ray about Indonesia's second program, that is, to upgrade the quality of its human resources to improve their work skills so the development of the defense and security sector will not be allocated with a huge portion of the state budget.

Try Sutrisno said that currently, Indonesia has implemented a nine-year compulsory education policy, which is aimed at among other things, stepping up the capability of workers. About 60 to 70 percent of the existing workers are only primary school graduates.

The vice president also said that the defense cooperation between Indonesia and Australia has been going on very well and he expressed the hope that it will further improve in years to come.

* Military Exercises with Australia Announced

94SE0167B Jakarta ANGKATAN BERSENJATA in Indonesian 18 Jun 94 p 9

[Text] Australian Army Land Commander Maj Gen Peter Arnison announced that the Australian Army (RAA) and the Indonesian Army (TNI AD) will hold joint exercises.

Arnison told the press on Thursday that the joint exercises are the results of increasing HANKAM [Defense and Security] cooperation between the two nations, but that the timetable and location of the exercises still need further discussion between the two Forces.

He described the exercises as a big "event," similar to the exercises north of Australia held between the Australian Army and the United States two years ago which was given the name "Kangaroo Exercises".

Furthermore, as part of HANKAM cooperation, Australia and Indonesia have held joint military sea and air exercises involving the two Navies and Air Forces.

The exercises between the Armies are in preparation and will take place between 1994 and 1996.

He stated that the training plans are the start of good cooperation between the two Armies and he hopes that other neighboring nations in the ASEAN region will take part as observers, and even perhaps hold similar exercises in the future, as part of their effort to strengthen defenses in the Southeast Asia region.

Military cooperation in the region is needed because, Arnison said, politically this indicates to the outside world how strong the unity in the area of defense is between the nations of Southeast Asia and Australia.

Maj Gen Arnison is also Commander of the First Division Command of the Australian Army headquartered in Brisbane, Queensland. He has visited Indonesia and the other ASEAN countries several times.

In the middle of July 1994 he will be promoted to Deputy Army Chief of Staff second in command to the Australian Army Chief of Staff Let Gen John Grey.

Very Close

At the present time, said Arnison, the RAA has very close relations with the TNI AD in particular as well as with the other ASEAN nations' armies.

"We are aware that the armies in the ASEAN nations are much stronger than Australia's army. That is why a sense of mutual trust, mutual understanding and continuing cooperation is needed to face today's ever-changing world," said Maj Gen Arnison.

Another goal of the military exercises between the two nations is to get acquainted with each other, to understand each other's ideas and to form a relationship between commanders and crews because through personal contact relations will be closer and more trusting.

In the near future Maj Gen Arnison plans to come to Indonesia to meet with several TNI AD officials and after that, at the beginning of 1995, he will visit Indonesia again and bring with him a number of commanders from Australian Army ranks to get to know their colleagues in TNI AD ranks.

* Effect of Uruguay Round on Textile Industry

94SE0165A Jakarta ANGKATAN BERSENJATA in Indonesian 15 Jun 94 pp 1,10

[Text] Indonesia hopes that the outcome of the Uruguay Round will gradually succeed in turning the textile trade and textile products into an area of free trade.

President Suharto expressed this hope when he officiated at the opening ceremonies of the International Apparel Federation's (APF) Tenth Conference held in Denpasar, Bali yesterday. The program was attended by Mrs. Tien Suharto and some members of the Sixth Development Cabinet. After the ceremonies were over, President and Mrs Suharto observed firsthand the catastrophe caused by the tsunami which hit Banyuwangi, East Java.

If textiles can become an area of free trade, exports of these commodities can make a large contribution to the continuation of development.

As an exporter of textiles, Indonesia is very much constrained by existing textile regulations, such as the Multi Fiber Arrangement (MFA) and by the application of protectionist policies by textile-importing developed countries.

For the developing nations, exports have a far broader significance than just foreign exchange revenues. Obstructing exports means closing off job opportunities for a lot of people, the destruction of industries which have just begun to develop, and a sluggish economy.

"The situation will become worse because developing nations are at the same time experiencing large growth in their work force, which for the most part consists of young workers," said the Head of State.

A rapid increase in the size of the work force unmatched by available job opportunities can clearly increase social unrest and instability, which has wide-ranging consequences and can bring about a failure of all our efforts at development. Such a situation cannot be allowed to go on for a long time. In a world which is becoming increasingly unified, the difficulties experienced by one people will sooner or later be felt by other peoples as well.

Exports

The Head of State said that after meeting domestic needs the textile industry and textile products will be directed towards exports. As a member of GATT, Indonesia has consistently developed its textile industry and its textile products by adjusting its policies to GATT's stipulations.

The Head of State indicated that a number of steps have been taken, including the elimination of export certificates and of nontariff obstacles and the lowering of tariffs. The textile industry and textile products are now making a large contribution to foreign exchange revenues.

Although the textile industry and textile products have experienced rapid growth, many obstacles must still be overcome. In order to develop this industry, Indonesia still depends on imported raw materials, especially cotton. Machines must still be procured from abroad since the domestic machine industry cannot yet meet the nation's entire needs.

The president said that the effects of the unsatisfactory world economic situation can still be felt by both the developed nations and the developing nations. But in general the developing nations have suffered more because their economies are still weak. Each nation tries to avoid economic difficulties and so it takes protectionist steps. The developed nations protect themselves by various tariff and quota barriers. These protectionist steps have a serious effect on the developing nations.

"We cannot allow such a situation to go on for too long. We must take common measures to fight this because in this increasingly unified world the difficulties experienced by one people will sooner or later be felt by other peoples as well," said President Suharto.

The Head of State considers that the convention was organized at exactly the right moment, i.e., the moment when the stipulations on international trade enacted at the Uruguay Round are being put into effect.

With the signing of that agreement, a broader opportunity has been opened up to increase international trade, including TPT [Textiles and Textile Products] trade. "This opportunity must be taken in the best way possible to accelerate the growth of our national economy," asserted the president.

Real Role

On this occasion, the Chairman of the IAF, Takashi Hanishi, said the IAF has confidence in the API [Indonesian Textile Association] as the host organization because of the role that Indonesia has played in the world textile trade.

He considers that Indonesia will continue to play a role in the world textile trade by increasing its efficiency and productivity even though it is facing a variety of challenges and competition from other nations.

The Chairman of the API Handoko Djokosaputro reported that the two-day-long Tenth Convention was attended by 306 participants from 26 countries, including Australia, Belgium, Colombia, Cyprus, France, Germany, England, Hong Kong, Japan, Italy, Malaysia, the United States, and the host nation Indonesia.

He said that the goal of the convention is to produce similar perceptions among IAF fellow-members since they are always facing challenges and changes in technology, production and marketing.

Handoko said that with the signing of the agreement enacted by GATT, which will go into effect in 1995, all the regulations agreed on will open wider market opportunities.

Minister of Trade S. B. Joedono and Minister for Investment and Chairman of the Investment Planning Coordination Board Sanyoto Sastrowardoyo also spoke at the convention's opening ceremonies about investment opportunities in Indonesia.

In addition to speakers from Germany, Italy, Hongkong and England, another speaker is from Jetro [Japan External Trade Organization] Jakarta, Jiichiro Fujiwara, who will present material on preparing the Asian textile market to face the global market.

* More Oil Exploration in South Sumatra Reported

94SE0165B Jakarta KOMPAS in Indonesian 13 Jun 94 p 3

[Text] Citra Patenindo Pratama Inc (CPNP Inc), owned by Mrs Siti Hardiyanti Rukmana who is familiarly known as Tutut, is officially carrying out petroleum exploration and exploitation in the Abab, Raja and Dewa oil fields, former Stanvac Indonesia (PT SI) oil fields in South Sumatra. The government fully supports efforts being made by that national private enterprise to enter the oil and gas exploration business.

At the official ceremonies for CPNP Inc operations held at the Sari Pan Pacific Hotel in Jakarta on Friday (10 June), Minister of Mining and Energy I.B. Sudjana said that the government fully supports efforts being made by national private enterprises to enter the oil and gas (MIGAS) exploration and exploitation business.

"Even though the percentage of oil and gas revenues in the RAPBN [Projected State Income and Expenditures Budget] has been declining, the contribution of the oil and gas sector is still quite large," said Sudjana.

Mrs Siti Hardiyanti Rukmana said that although CPNP Inc is not merely an oil company, it has furnished a special team supported by specialists to handle oil and gas exploration and exploitation work. "As the leader of that team, I am being helped by two advisors and by four deputy chairmen," she said.

The two advisors are Engineer Irsani Ilyas, M.Sc., and Engineer David Ferdinand. The four deputy chairmen are Dipl. Engineering Bambang Soeroso for Finance, A. Basoeki for General Affairs, Fatona Basoeki, S.E. [B.A. in Economics] for Administrative Affairs, and Engineer Jose Rizal for Engineering.

In addition, she added, Engineer M. Hilmy Alaydrus has been appointed as General Manager, Engineer M. Iman S. Al-Ayubi as Operations Manager and Engineer Suryana as Field Superintendent.

Long-Term

The Abab, Raja and Dewa oil fields in South Sumatra had been managed by SI Inc since 1938, but beginning in November 1983 a number of oil fields, including the three mentioned, were given back to PERTAMINA [National Oil and Gas Company].

On 5 June 1994 CPNP Inc signed a long-term contract with PERTAMINA for those three fields. It consists of boring 16 exploratory wells, reworking 163 wells and applying radial drilling and EOR (Enhanced Oil Recovery) techniques.

She said that PERTAMINA and CPNP Inc have actually been cooperating with each other at those three sites since 23 April 1994. But a long-term management agreement was not signed until after they had been cooperating with each for about a year.

Average production at the three sites before CPNP Inc took over was 1,560 barrels of oil per day. After joint operations began between PERTAMINA and CPNP Inc, however, production did reach 2,023 barrels of oil per day. Average production in May and June of 1994 was 1,900 barrel of oil per day.

CPNP Inc will not only implement the projects signed for in 1994, but plans are also for the company to carry out infill drilling at the three sites, to reach an estimated production of 4,800 barrels of oil per day in 1995.

The peak of production, expected in the year 2002, will produce 25,000 barrels of oil per day. This will result from applying EOR techniques.

Up to now, Tutut affirmed, CPNP Inc's activities have had few negative effects on the environment, and as of 31 May 1994 the number of safety hours was 37,600 manhours without an accident.

Suharto Supports Linking Trade and Environment

[Editorial Report] The 6 June Jakarta KOMPAS in Indonesian on page 4 reported that President Suharto supports western attempts to link trade with environmental standards, but has stressed that the linkage should not be decided unilaterally. The president recently asserted that he supports ecolabelling, but insisted that such requirements be applied only after a mutual agreement is reached, and that it would not impede advancement in the developing countries. Suharto went on to say that environmentally related problems in developed nations are a result of "excessive use of natural resources and extravagant life," while environmental problems in developing countries are due to "poverty , backwardness, and incapability."

* Minister Concerned About Impact of Yen

94SE0178A Jakarta BISNIS INDONESIA in Indonesian 24 Jun 94 p 1

[Text] Minister of Finance Mar'ie Muhammad has asked the Asian Development Bank (ADB) and the World Bank to intervene to stabilize the exchange rate of the yen against the U. S. dollar, warning that the debt of borrowing countries will grow, since the majority of loans are stated in Japanese currency.

The recent strengthening of the yen against the U. S. dollar, according to Mar'ie, could increase the total debt of borrowing countries to the two world financial institutions.

Mar'ie stated in Parliament on 23 June: "Rising debt, both in a bilateral as well as a multilateral sense, is not caused by actions of the borrowing countries but is rather caused by fluctuations in the yen, which is tending to strengthen."

According to the minister, it is proper for the two international financial institutions to play a role in stabilizing the exchange rate of the yen for the U. S. dollar. Without such intervention, the minister of finance expressed the fear that this situation could cause a rescheduling of the debt of the borrowing countries, because the increasing burden of debt is the result of the strengthening of the yen.

Looking at conditions involving the movement of the yen exchange rate, which is continuing to appreciate against the U. S. dollar, the minister declared that the government is prepared to anticipate this development and will continue to meet its obligations, in accordance with the schedule which has been set down.

Minister Mar'ie is optimistic that the appreciation of the yen will return to normal in the near future. He said: "If this happens, generally it will be the result of intervention by the monetary authorities of the two countries to normalize the exchange rate of the U. S. dollar for the yen once again."

On a separate occasion Roy E. Tirtadji, a director of the Lippo Banking Group, said that business groups most affected by the upward pressure on the yen are those which import capital goods from Japan. Meanwhile, those which import capital goods from 373 outside of Japan will not be affected.

This was confirmed by Soebronto Laras, president and director of the Indomobil Group. He said: "Frankly, we will be concerned if the yen exchange rate increases any further, because the cost of vehicles such as sedans and jeeps, most of whose components are still imported, will certainly increase sharply."

Therefore, Roy E. Tirtadji said, it is hoped that decision makers in the U. S. and Japan will immediately take action toward balancing the exchange rate.

* Paper Supports Continued Use of Foreign Loans

94SE0163A Jakarta ANGKATAN BERSENJATA in Indonesian 10 Jun 94 p 4

[Unsigned Editorial: "Government Debt at $55 Billion"]

[Text] Ginanjar Kartasasmita, minister of national development planning/chairman of BAPPENAS [National Development Planning Board], said in a working meeting with the DPR [Parliament] 10th Commission in Jakarta on Wednesday [8 June] that government foreign loans totaled $55 billion as of March 1994.

Almost all of those loans are used to finance projects in various development sectors and programs decided by the government. Generally, the projects have high priority. Foreign aid, whether in the form of grants or soft loans, is prioritized for projects in the infrastructure sector or for human resources, such as in education, health, and similar areas.

What actually needs more control are private sector loans, because the large private loans very much depend on our economic conditions, according to the minister of national development planning/chairman of BAPPENAS.

Saleh Afiff, coordinating minister for economics, finance, and development control, has said that all of Indonesia's foreign loans, including private sector foreign loans, total $90 billion. That amount approaches the psychological foreign debt limit of $100 billion, which donor countries and international financial institutions normally use as a reference for performing rescheduling, Saleh Afiff said.

From the statements of the two ministers, the private sector foreign debt of $35 billion becomes very conspicuous. If the private sector can use it efficiently and productively and repays it as agreed, that is naturally very good. Problems will emerge if the private sector is unable to do so, which will increase the financial burden of the government. That is why the the government limits the sizes of private sector foreign loans.

Indonesia is known for its care in using foreign loans only to develop projects for increasing national productivity and for developing Indonesian human resources. Indonesia is known as a debtor that fulfills its responsibilities and repays debt principal and interest on time, although the total has exceeded the $5 billion annual development aid provided by the Consultative Group on Indonesia (CGI).

The rise in the value of the yen against the dollar has increased these debt installments, because 40 percent of the foreign debt is calculated in yen. This is very burdensome, since 46 percent of routine expenditures in the APBN [national budget] are for debt servicing. Therefore, economists propose that the debt be rescheduled, but the government has rejected doing so because it would diminish Indonesia's credibility in the eyes of international banks and financial institutions.

Thanks to that credibility, during the 25 years from the time the IGGI [Inter-Governmental Group on Indonesia] began operations in 1967 until it was disbanded in 1992—and was replaced by the CGI—the aid it provided rose steadily from $200 million to $5 billion. In the future, loans from the CGI apparently will not exceed $5 billion, because there are still many other developing countries that need soft loans. Moreover, the donor countries feel called to help the development of the former communist countries in Eastern Europe.

Although there is a desire to reduce this development aid, unfavorable internal and external conditions, the uncertainty of oil prices as a source of foreign exchange, and a decline in the percentage of increase in non-oil-and-gas exports cause Indonesia to still need foreign assistance.

Other fund sources that the government needs to exploit to the maximum are taxes, non-oil-and-gas exports, and foreign capital investment.

The ratio of taxes to GNP [gross national product] in this country is still low at just over 11 percent, whereas it is more than 15 percent in other ASEAN countries. Non-oil-and-gas exports still face various obstacles, and to overcome these obstacles the government is to issue a deregulation package as a supplement to just-released PP [Government Regulation] 20/1994, which makes it possible for foreign investors to operate in strategic sectors previously worked by the government. It also provides for 100 percent foreign investment under PMA [foreign capital investment].

* Suharto Emphasizes Importance of Constitution

94SE0167C Jakarta ANGKATAN BERSENJATA in Indonesian 21 Jun 94 pp 1,10

[Text] President Suharto emphasized that the Indonesian people need to believe more strongly in PANCASILA [Five Principles of the Nation] and the 1945 Constitution; if they believe in it, the people will be able to understand the system which operates in this republic. And so they will be able to learn how best to implement the system.

These statements were made at the Freedom Palace by the Head of State yesterday when he received the Head of the BP-7 [Board on Guidelines for Instilling and Implementing PANCASILA Educational Development and Implementation] Soeprapto who reported on BP-7 activities for the last 25 years and preparations for facing the sixth five-year development plan.

"If we can understand the state system which operates in this country, we will be able immediately to figure out how to implement it in the proper way," said Soeprapto, quoting the Head of State.

If all of this runs as it should, in the end national stability can be guaranteed, and then the Development Trilogy will be safeguarded because this is the stepping stone to development, he continued.

"Because of that, please remember that P-4 [Guidelines for Instilling and Implementing PANCASILA] upgrading is not just about P-4 but also about the 1945 Constitution and the GBHN [Broad Outlines of the Nation's Direction]. It turns out that there are many misunderstandings due to interpretations which cause confusion among the people," added Deputy Head of the BP-7 Alwi Dahlan.

For example, there is confusion about paragraph 33 of the 1945 Constitution in relation to PP [Presidential Directive] number 20 of 1994 concerning domestic and foreign investments.

The president, reported Alwi, said that the latest stipulations in the investment field provide businesses, including foreign businesses, with increasingly broad opportunities and cannot at all be interpreted as opening this country completely up to foreign businesses.

Based on those new stipulations, foreign businesses can operate in fields which have control over areas affecting the lives of the masses, such as telecommunications, ports and electricity, as long as they form a joint venture with a national business. As much as 95 percent of the joint venture can be foreign capital.

"As stated by the president, with such a high degree of ownership for the good of the people what is important is the greatest good of the people, and that is what we have now," said Alwi Dahlan.

In this connection, said Alwi, the president hopes that the Indonesian people, in this era of globalization, will not display a narrow nationalism.

The president, he continued, also touched on the issue of the president/mandatory five-year cycle, the issue of who can dismiss the state's highest institutions, as well as others.

Misunderstandings, he said, occur because of the number of people who speak out but who don't really have a deep understanding of the 1945 Constitution.

Made More Interesting

The president requested that P-4 refresher courses not be made unpleasant but rather that they be made attractive and challenging. In that way various problems which arise in society can be taken and tested on the basis of existing norms.

Soeprapto explained that institutionalizing and administering the P-4 is education and is included in political education. In education, the interactive process should always be carried out in an interesting atmosphere.

These interesting things can be looked at from various angles. For example, a problem which the participants to be promoted are examining, can become a set of problems, or perhaps be handled using a more appropriate method.

"For children, the play method is good, but for older people of course it isn't so appropriate. The discussion method is appropriate for those who can be lead into discussions, but if this method is applied to elementary school children, it might not work. That is why the method to be developed should be appropriate to the target group," he explained.

On this occasion, the president also gave some guidance about Presidential Instruction No. 2 of 1994, dated 4 May 1994, concerning increased institutionalization and administration of the P-4, especially for KORPRI [Republic of Indonesia Corps of Civil Servants] and society in general.

Presidential Instruction No. 2 of 1994, the president said, is very important. Although though there are many refresher courses, many of the ideas in the 1945 Constitution are misunderstood.

In connection with these tasks of the 1994-1995 fiscal year, the BP-7 will increase the force of upgraders who have the ability and qualifications that accord with the demands of institutionalizing and administering the P-4 at this time.

There now exist two groups of upgraders; 106 upgraders are assigned full-time to the BP-7 and 489 upgraders are assigned to the BP-7 but who are still working in other agencies.

Have Not Yet Taken the B-4 Refresher Course

Asked whether there are some ministers in the Sixth Development Cabinet who have not yet taken the P-4 course, Soeprapto said that the ministers serve the president. The president sets the conditions for the position, so just ask the president.

"There are 18 ministers who have an upgrade status, and the others might have been upgraded in the TMII [expansion unknown], some of them in the BP-7, some in their departments or in their agencies," he continued.

On this occasion, plans were also reported to hold a BP-7 seminar on the integrationist concept in July.

He explained that in the 1993 GBHN, especially where it concerns guiding principles, it was mentioned that the integrationist viewpoint has to be made into a national viewpoint and that is why this problem has to be well structured and formulated.

Some prominent figures will attend the seminar and competent speakers who will talk about those problems, including Hamid Atamimi, Suryanto Puspowardjojo, Midian Sirait, Bintoro Tjokroamidjojo, Dardji Darmodihardjo, and Alex Paut, will also be invited.

JSEDC To Develop Industrial Zone

BK2907141494 Jakarta MERDEKA in Indonesian 18 Jul 94 p 9

[Text] Padang: An industrial business group, the "Johor State Economic Development Corporation" (JSEDC) from Johor in Malaysia, will develop a 600-hectare industrial zone with an investment of U.S.$72 million in West Sumatera.

Drs. [academic title] Alimin Sinapa, West Sumatera's regional administrative assistant for development, told reporters in Padang on Saturday that 100 hectares will be developed during the first phase of development at the end oof 1994. The development will be in the Padang Pariaman district and the Padang regency.

He said the JSEDC, which has 150 industrial subsidiaries in Malaysia, will cooperate with PT Nagari Development Corporation (NDC) [private company], a West Sumatera consortium, to develop the industrial zone.

* Possible Bank Branches in 'Tax Haven' Countries

[27 Jun p 1]

[Text] Jakarta (BISNIS)—The Bank of Indonesia [BI] has not made any recommendation this year for the opening of bank branches in the Cayman or Cook Islands, while the BI and the Directorate General for Taxes are urged to conduct a "silent operation" to detect banks and depositors keeping funds on those islands.

Financial sources reached by BISNIS in Jakarta last week said that throughout this year the Central Bank has not made any recommendation that domestic banks open branches or agencies in "tax haven" countries such as the Cayman, Cook, and Virginia [as published] Islands and The Bahamas.

"This is an effort to reduce bank maneuvers to open branches there, although there is a positive side in the form of tax exempt facilities in connection with international loan syndications," said a source close to the BI.

He confirmed that there is suspicion of tax evasion by depositors who keep their funds in both rupiah and U.S. dollars in certain bank branches in the Cayman or Cook Islands and on other islands of that type.

The source mentioned that these tendencies by depositors or banks must be prevented as early as possible and that PPh [income tax] of a "final" type should be imposed directly on interest from their deposits in order not to make it difficult for banks responsible for collecting such PPh.

These tax evasion efforts were uncovered by indications that several banks "greatly help" owners of funds by enticements of freedom from taxes if they put their money in the Cayman or Cook Islands. In fact, there are depositors who put rupiah funds on those islands through banks in Hong Kong.

The Department of Finance and the BI have so far not specifically regulated the opening of bank branches in the Cayman or Cook Islands. The regulations that exist are standard provisions in Directive of the Minister of Finance No. 230/KMK.01/1991 on the opening of overseas branches or agencies of domestic banks.

Those provisions include requirements that a bank has been a foreign exchange bank for at least one year, that its condition has been sound for the last 24 months, that it show detailed productive asset collectibility for the last two months, and that it possess a feasibility study and work plan covering one year.

According to a source, the interesting problem is that the opening of banks in the Cayman or Cook Islands is done merely by bank correspondence. In other words, physically there is no office but simply a letterhead with a post office box address. Financial transactions are more oriented to bookkeeping transfers by the respective banks in Jakarta.

Special Operation

To investigate banks or depositors suspected of tax evasion, the Directorate General for Taxes and the BI are urged to conduct a "silent operation" to pull back the curtain and at the same time to impose PPh on the interest from those deposits. Such an operation needs to be conducted because it involves taxes and the curious fact that rupiah deposits can be made in the Cayman Islands.

According to Omar Abdalla, president commissioner of Nusa Bank, the dilemma is that such an investigation would run up against bank secrecy. It will be difficult for the BI to detect these things because all transactions are recorded at branches rather than at main offices.

Meanwhile bank observers Rijanto and Priasmoro and leading banker Mochtar Riady all three agree that the government should not limit the activities of national banks when some open branches in the "tax haven" islands.

Limiting the opening of branches overseas would be very contrary to Indonesia's economic system, which adheres to unrestricted foreign exchange," Priasmoro stated.

The deputy chairman of the National Council of the Indonesian Bankers Institute (IBI) said that any bank action to evade taxes is wrong and that banks should not comply with the wishes of their clients.

[24 Jun p 1]

The Directorate General for Taxes and the Bank of Indonesia [BI] are now investigating the possibility of tax evasion by big-time depositors who invest their funds in the Cayman Islands or other countries, and the government has stated that it does not guarantee that such deposits can be pulled back to Indonesia.

"There is coordination now between the Directorate General for Taxes and the BI in an effort to track depositor funds invested overseas. Private funds are placed overseas to evade taxes," Minister of Finance Mar'ie Muhammad told the press yesterday after a meeting at the DPR [Parliament].

Mar'ie said the main point is that the government is trying to detect private efforts to invest deposit funds in places like the Cayman and Cook Islands as attempts to evade PPh [income tax].

According to Mar'ie, every effort to evade taxes by investing overseas will be examined and followed up to avoid losses to the state. The Directorate General for Taxes has the job of detecting evasion of the taxes owed on such investment funds, while the BI will function as an overseer of existing banks. Both institutions will be more intensive in handling this matter.

The minister also called on national banks, both private and government, not to entice clients to deposit their funds overseas.

This statement from the government is connected with the fact that some private foreign exchange banks are accepting rupiah deposits for placement in their branches in the Cayman or Cook Islands or in other islands overseas.

"The government does not guarantee to those who do such things that the invested funds can be recovered. In fact, I pray that those funds will not be recovered, because what they have done is not good and hurts the state," Mar'ie stated.

The finance minister said further that those who put their funds overseas are generally big-time depositors, who own great holdings and operate at a high level of speculation.

He said, however, that it is not certain that funds invested overseas in response to high-sounding enticements by banks will bring profits.

The minister of finance was not prepared to answer questions about limitations on establishment permits for banks that want to open branches in the Cayman or Cook Islands. The important thing for national banks, both government and private, is to avoid high-sounding promises and the "tempting" of depositors to invest funds in those two tax haven island groups.

[26 Jun p 1]

Bankers and observers have called on the government not to be concerned about capital investments (deposits) in the Cayman and Cook Islands, because those funds actually can still be used for national development.

Eddie Tong, the director of Bank Bali, worries that if the government supervises them too tightly, the funds will flee to foreign banks in those islands, making the money no longer usable.

He said that deposits on those islands are good as long as they are made at branch offices of national banks. "The issue should not be magnified, because I fear the deposits will then be transferred to foreign banks," he said last night.

He explained that a deposit in the Cayman and Cook Islands must be a minimum of $50,000, at an interest rate almost the same as SIBOR [Singapore interbank offered rate] and LIBOR [London interbank offered rate].

He said the purpose of opening bank branch offices in the Cayman Islands is also to attract foreign funds through investments at those branch offices. Previously, the number of loans obtained was greater than deposits, but the composition is now balanced, he said.

He acknowledged that interest proceeds are exempt from taxes on those islands, but when the funds are returned to Indonesia they are still subject to year-end income tax. "I understand the government's thinking," Eddie said.

Meanwhile, another banker stressed that branch offices in the Cayman and Cook Islands are merely in the form of bookkeeping. The branch offices do not exist in those islands in the real sense but are merely legally recognized, he explained.

"The funds deposited are actually still in Indonesia, but interest income is not subject to the direct 15-percent tax," said a senior banker who did not want his name mentioned.

He added that every bank in the world does the same thing to avoid taxes and that this is the logical consequence of increasingly global conditions in the world and of increasingly sharp bank competition. Therefore, it is difficult for governments to restrain it.

A similar view was presented by Soemarso S.R., general chairman of the Center for Monetary and Taxation Studies (CFMS). He said that the government's intention to detect any evasion of taxes attempted through investment of capital in the Cayman and Cook Islands will be very difficult to accomplish.

He said it would be better if the government created competitive domestic tax rates so that capital would not flee overseas. In addition, he said, the government needs to enlarge the role of the Central Bank in managing and supervising national banks, especially in seeing that they understand so that they will not invest capital overseas.

He said that the government's plan to track this flight of funds will be difficult to do because of, for example, the regulations now in effect in those countries. He feels that the investment of capital overseas, such as in the Cayman or Cook Islands, is indeed profitable. "The flight of capital to those countries is therefore not merely for avoiding taxes," he told BISNIS last night.

He said the government must be careful in resolving this matter, because it involves the sovereignty of other countries. He, too, agrees that the government should not prohibit national banks from opening branches in the Cayman and Cook Islands, because such a ban would hinder the development of domestic banks themselves.

* Bank Governor's View of Nonperforming Loans

94SE0174A Jakarta KOMPAS in Indonesian 20 Jun 94 p 2

[Text] Yogyakarta, KOMPAS—Nonperforming loans in the banking sector amounted to 2.3 percent of GDP (Gross Domestic Product) in 1993. As of the end of March 1994 the percentage of nonperforming loans amounted to 6.6 trillion rupiahs, or 3.5 percent of the bank loan position as a whole.

J. Soedradjad Djiwandono, governor of the Bank Indonesia, mentioned these figures before an academic audience at the Faculty of Economics of the UII (Indonesian Islamic University) in Yogyakarta, at the Condongcatur campus of the UII in Sleman, Yogyakarta, on 18 June. He invited his audience to consider whether the percentage of nonperforming loans in terms of PDB of 2.3 is good, bad, or indifferent.

Soedradjad, speaking at a program presided over by Dr. Syafaruddin Alwi, dean of the Faculty of Economics of the UII, said: "If I answered this question, it certainly would not be fair. For that reason I invite you to judge for yourselves." The program was attended by hundreds of persons. Before they entered the hall, they were asked to write down their full names.

Better

According to Soedradjad, the figure of 2.3 percent is really better, compared to other developed countries like Finland and Japan, whose nonperforming loans in terms of GDP are 16.9 and 2.7 percent, respectively.

Going into further detail, he said that loan losses amounted to 6.0 percent of GDP (in 1991/1992). In Norway, they were 4.2 percent and 6.7 percent in Sweden. Meanwhile the savings and loan crisis in the U. S. two years ago caused losses of $180 billion, or 3.0 percent of GDP, while losses on U. S. bank loans amounted to 1.0 percent of GDP. Problem loans amounted to 2.4 percent, and the deposit insurance rate was 0.5 percent.

Soedradjad did not provide details on bank loan losses in Indonesia. He only said that the above figures quoted from the report of the International Monetary Fund (IMF) were provided as an illustration that nonperforming loans also affect developed 373 countries. Indeed, compared to the GDP of all other countries, the percentage of Indonesia's nonperforming loans in terms of GDP was rather less than the others.

Previously, Soedradjad said that the question as to whether the large total of nonperforming loans in Indonesia is still within proper limits, whether it has reached an extraordinary level, or whether it is dangerous cannot be answered for certain. This is because the structure and role of bank loans and finances in a given country are not always the same as in other countries.

He considered that, in general, the cost structure of developed countries is different from that of developing countries. In countries where the role of the capital market is already large (as it is in the majority of the developed countries) business payments (investments) through bank loans are usually relatively smaller, compared to countries whose capital market is still small (as in the developing countries).

Soedradjad said: "It should be remembered that investment payments through bank loans in Indonesia are rather dominant. The ratio of bank loans to nominal GDP in 1992 was 4.7 percent. Later, in 1993, it rose to 50 percent. In the U.S., for example, this ratio for 1992 was 31 percent."

Factors Causing the Situation

In discussing the topic, "Problem Loans in the Framework of National Development Payments," the governor of the Bank Indonesia later said that the emergence of problem loans in Indonesia, which began in 1991, was closely related to a very large expansion in loans which took place in 1989 and 1990, amounting to 48 percent and 54 percent, respectively. Problem loans can be caused by external and internal factors.

Generally, there are three, external factors: the environment affecting business debtors, problems encountered by the debtors, and unhealthy competition between a number of banks. Generally, internal factors are caused by credit policies which do not provide much support, systemic weaknesses, and procedures for the valuation, extension, and supervision of credit, as well as bad faith among bank owners, directors, and employees in extending loans.

According to Soedradjad, in terms of credit policy, the emergence of problem loans can begin with reaching large scale loan targets over a short period of time, which are not based on selective consideration in evaluating the loan applicant.

Soedradjad said: "A bank which follows such loan policy standards is giving greater priority to booking loans or reaching loan target volumes, rather than evaluating the possibility of risks which may be faced." This situation is usually also accompanied by loopholes in the regulations on extending loans. Indeed, in an effort to fulfill their loan targets, a number of banks pay 3n3 little attention to the fact that the loan applicant's name appears on the List of Nonperforming Loans (DKM), which is periodically published by the Bank Indonesia.

He said that the resolution of problem loans in a given bank is the responsibility of the bank management concerned, because it is the bank management itself which made the loans, decided whether a loan application was proper or not, and supervised the extension of the loan. The governor of the Bank Indonesia said: "However, when the value of problem loans nationally reaches a rather large level, this becomes a national problem which requires the joint attention of us all."

* Plans To Computerize Stock Exchange Announced

94SE0180A Jakarta KOMPAS in Indonesian 22 Jun 94 p 3

[Excerpt] Kuala Lumpur, 21 Jun—The computerization of stock transactions on the BEJ (Jakarta Stock Exchange) will be completed in January 1995. The testing phase for the computerization of transactions on some public corporation stocks will begin in September 1994.

BEJ Principal Director Hasan Zein Mahmud said this in a speech to participants in a seminar entitled "Asian Capital Markets: Growth Frontiers," which was held by the Kuala Lumpur Stock Exchange (KLSE) and the Asian Securities Industry Institute in Kuala Lumpur on Tuesday, 21 June.

He said 1994 will be a critical year for the BEJ. "We must finish the job of building an infrastructure to facilitate managing the exchange, which, ironically, we have not given much attention to. Therefore, our experience is greatly lacking," he said.

In addition, Hasan Zein said, the BEJ is also pressed by deadlines for completing computerization and the regulations that will support transparency of transactions on the exchange.

Speaking of computerization, he said it is hoped that it will be fully implemented after the BEJ occupies its new building, now in the completion stage at the major business complex on Sudirman Street, Jakarta.

In cooperation with the Indonesian Deposit and Securities Clearing Company, the BEJ is also installing a communications network between the two organizations.

The process of automating stock transactions will use the ASTS stock exchange software and Hewlett Packard hardware to expedite service to the exchange's clients. The new system will be built in a way that will make effective service possible even if there is a 900 percent increase in stock transactions in the first six months after computerization is completed.

From the aspect of regulations, rules covering trade on the exchange will be issued immediately to replace old laws that have existed since 1952. "The new laws will guarantee order in trading and will provide for harsh sanctions for any violation," Hasan Zein declared.

Two Systems

In an interview with KOMPAS last week, Hasan Zein said the old trading system now in use will continue to be used despite the computerization. "Thus, there will be two systems, and both will continue to be maintained," he said.

Thus, there will still be a stock trading gallery at the BEJ where transactions can be made directly and manually. Even in the new building, the BEJ has prepared for a new and more impressive gallery.

In the future, besides following price developments from the exchange gallery, exchange members can monitor them by computers, or an electronic gallery, installed by brokers. The electronic hardware found in the offices of brokers will be connected to the BEJ trading system. Thus, investors can make transactions for buying or selling stocks from brokers' offices. "However, if transactions are made directly at the BEJ, the data will be recorded directly. If they are made from broker offices, however, an additional three seconds will be required," he said. [passage omitted]

Press To Continue 'Bolstering' Openness Process

BK3007143994 Jakarta ANTARA in English 1039 GMT 30 Jul 94

[Text] Ambon, Maluku, July 30 (OANA/ANTARA)—The press will continue bolstering the process of openness without ignoring prevailing social rules and norms, Secretary General of the Indonesian Association of Journalists (PWI) Parni Hadi said here Friday.

"Last month's revocation of the publication licenses of TEMPO and EDITOR weekly news magazines and DETIK tabloid must not mean a setback in the ongoing process of openness," he said before participants of national development study meeting organized by the Indonesian Youth National Committee (KNPI).

The revocation is not, however, the death knell of freedom of the press in Indonesia, Hadi said.

According to the secretary general, the event should make the government and the press circles formulate proper limits to the freedom of the press whose principles have been agreed upon.

He said that it is not correct to say that the news and opinions carried in a newspaper are purely intellectual products reflecting the goings-on in the community. In his opinion, the contents of a newspaper reflect the newspaper management's interpretation of social events, tailored to the management's vision and mission.

"Therefore, print media will have different headlines, angles, diction, and pictures of one and the same happening," he said.

He, however, in a way admitting that the presentation of articles and photographs is to a great extent influenced by the reading target. [sentence as received]

Laos

Defense Minister Greets PRC Counterpart

BK3007142794 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Jul 94

[Text] On 27 July, Lieutenant General Choummali Saignason, minister of national defense of Laos, sent a congratulatory telegram to Comrade General Chi Haotian, minister of national defense of the People's Republic of China, in Beijing. The message reads:

On the occasion commemorating the 67th founding anniversary of the fraternal Chinese People's Liberation Army, on behalf of military officers and men of the Lao People's Army and in my own name, I would like to extend warm congratulations and best wishes to you, and through you to all the military officers and men in the Chinese People's Liberation Army. We congratulate you on your great achievements in implementing the resolutions of the 14th congress of the Communist Party of China and the reform and open-door policy. These have led to accomplishments in various aspects, thus serving as the foundation for the PRC to further step up.

We wish the solidarity, friendship, and comprehensive cooperation between our two nations and two armies will exist forever.

May Comrade Minister have good health and happiness in order to successfully fulfill your noble tasks and duties.

Inspection Board Returns From PRC Visit

BK0108151694 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 29 Jul 94

[Text] Maichantan Sengmani, member of the party Central Committee Political Bureau, chairman of the Central Party-State Inspection Board, and head of the Anticorruption Committee, and his delegation ended a seven-day visit to the PRC and returned to Vientiane at noon yesterday.

During its stay in the PRC, the Lao delegation learned lessons from its PRC counterpart about implementing resolutions concerning integrated rural development, especially in the special economic zone. In addition, the Lao delegation also studied and consulted with its Chinese counterpart about the internal party inspection in the political, economic, cultural, and social fields as well as many other regulations concerning the material management, armed investment, and foreign relations management, and studied lessons on inspecting and monitoring foreign residents who have invested in and operated businesses in China.

Memorandum Signed with SRV Radio Group

BK0108123694 Vientiane KPL in English 0923 GMT 1 Aug 94

[Text] Vientiane, August 1 (KPL)—Deputy Information and Culture Minister Bounteng Vongsai on July 30 signed with the visiting deputy director, Mai Thuc Long, of the national radio of Vietnam, a memorandum concerning the 1994-95 cooperation plan for information exchange between the radio broadcasting agencies of the two countries.

Present at the signing were, among others, Information and Culture Minister Osakan Thammatheva.

The memorandum provides that both sides will exchange political, economic, social, and cultural information, traditional music programmes and modern song programmes in every six months. They will also send two radio journalists every year to each other's country. The purpose being to exchange technical experience for ten days.

The two radio agencies will also assist each other in training radio announcers and Vietnamese language translators for the Lao national radio programme in Vietnamese, and Lao language translators for the national Vietnamese radio programme in Lao. The sides will also exchange delegations once every two years to discuss and review the implementation of the cooperation plan and plan their cooperation in the following year.

SRV Radio Group Calls on Thongsing Thammavong

BK0108123894 Vientiane KPL in English 0921 GMT 2 Aug 94

[Text] Vientiane, August 1 (KPL)—A visiting delegation of the national radio of Vietnam led by its deputy director, Mai Thuc Long, on July 30 called on Thongsing Thammavong, Politburo member of the Lao People's Revolutionary Party Central Committee, head of the party CC [Central Committee] Organisation Board.

Thongsing valued the visit to Laos by the Vietnamese radio delegation as contributing to the strengthening of the relations of friendship and comprehensive cooperation between Laos and Vietnam, particularly between the two radio broadcasting agencies.

On the same day, this delegation also visited Information and Culture Minister Osakan Thammatheva.

* Returnees Get Land, Funds, UNHCR Supervision

[Editorial Report] The 26 May issue of NAEO NA PHU YING carries a page 4 report on the repatriation "just a few days ago" of 420 Lao Hmong refugees in 95 families. Officiating for Thailand at the ceremony in Hat Sai Fong District, Vientiane Municipality was Chaliao Phongphasuk, the Nong Khai Province office chief. Representing Laos was Khonsavan Phoummadouang, Vientiane Municipality's Labor and Social Welfare Section chief. A UNHCR representative was also present. This was the largest group to be repatriated in a single movement from Ban Na Pho, Nakhon Phanom.

According to the article, the Lao Government has allocated 12 rai of land and a quantity of seed stock to each family and said it would provide vocational training to anyone requesting it. The UNHCR provided each family with 2,000 baht and farm tools. Every fifth family would be given a set of construction tools for collective use. The government and the UNHCR will provide food and security assistance "for a period of time" following their resettlement in Ban Vieng Samai, 175 km north of Vientiane on land provided by the government.

Philippines

MNLF Commended on Rescue of U.S. Missionary

BK0208040294 Quezon City Radio Filipinas in English 0230 GMT 2 Aug 94

[Text] President Ramos has commended a rebel commander of the Moro National Liberation Front [MNLF] and his men for their quick action in the rescue of American priest kidnapped by extremists in Sulu in Southern Philippines Sunday [31 July]. Five kidnappers, suspected to be members of the Abu Sayyaf, were killed in a gun battle with MNLF rebels at a checkpoint in Indangan, Sulu.

Father Clarence Bertelsman was saying mass when heavily armed men dressed in military uniform snatched the 70-year-old American missionary and drove away.

Ramos, Brunei Sultan To Discuss Trade Imbalance

BK0108150094 Manila PNA in English 0717 GMT 1 Aug 94

[Text] Manila, Aug. 1 (OANA-PNA)—Philippine President Fidel V. Ramos and Sultan Hassanal Bolkiah of Brunei Darussalam will discuss ways to narrow the lopsided trade between their two countries when the chief executive visits Brunei on August 6 to 8 this year.

The trade imbalance has consistently been in favor of Brunei due largely to the Philippines' importation of oil from that oil-rich country.

The Department of Trade and Industry [DTI] statistics show that in 1993, Philippine imports from Brunei, mostly petroleum and other oil-based products, reached 50.7 million dollars. Philippine exports to that country amounted to only 2.3 million dollars, for a 48.4 million dollars trade deficit.

To boost exports to Brunei, the DTI considers exports of more items such as [words indistinct], processed fruits, shrimps, and ceramics.

At present, the Philippines' top five exports to Brunei are breeding cocks, poultry, jewelry and metalwares, kitchen appliances, [words indistinct], and Virginia tobacco.

During his three-day Brunei visit, the president also hopes to interest more Brunei businessmen to invest in the Philippines.

The board of investments said there have been no new investments from Brunei since 1991.

The president's visit will serve to underscore the new dimensions of investment in the East ASEAN Growth Area [EAGA]. We expect the full participation of Brunei in the EAGA following the president's meeting with the sultan, Foreign Affairs Undersecretary Federico Macaranas said.

President Ramos is expected to meet with Sultan Bolkiah at Istana Nurul Iman Palace upon his arrival on August 6.

Aside trade and investment, the two leaders will also discuss tourism development, ASEAN Free Trade Area, the East Asian Economic Caucus, the forthcoming Asia-Pacific Economic Cooperation meeting in Indonesia, the recently-concluded Uruguay Round of the General Agreement on Tariffs and Trade, and other regional issues, including Spratly islands and EAGA.

Relief Agency Reportedly Aiding Abu Sayyaf

BK0108133394 Manila MANILA STANDARD in English 28 Jul 94 p 3

[Report by Merlinda Manalo]

[Text] High-ranking intelligence officials in Jordan have confirmed reports that a Saudi-based relief agency operating in Manila has been coordinating with and helping Muslim secessionist factions in Mindanao, sources quoting a confidential report from the Philippine Embassy in Baghdad, Iraq said.

The sources said this information has prompted the Jordan Intelligence Department or the Mukhabarat headed by Director General Mustafa Al Qaisi to propose closer links between the intelligence services of Jordan and the Philippines, so that activities of Islamic fundamentalists in the two countries can be strictly monitored.

The Saudi Embassy in Manila refused to issue a statement. Embassy officials also failed to reply to a faxed letter from reporters on the issue.

According to the report, which was forwarded to National Intelligence Coordinating Agency (NICA) Chief Gen. Roman Gavino, the proposal was presented by Al Qaisi during a meeting at his office with Philippine ambassador to Baghdad Rafael Seguis in Amman, Jordan last month, the sources said.

Also present during the meeting was Al Qaisi's chief of staff, Col. Mohammed Dhahabi, the sources added.

"In the presence of his chief of staff, Al Qaisi expressed keen interest in forging communication links between the intelligence services of Jordan and RP [Republic of the Philippines] particularly on activities of Islamic fundamentalists," the sources said, again quoting the report.

Earlier, the activities of the Mindanao-based Abu Sayyaf had led the military to link foreigners and other foreign-funded groups to the Muslim extremist group.

The group, which has been blamed for the series of kidnappings and bombings in Mindanao, had held Roman Catholic priest Fr. Cirilo Nacorda for more than two months and later turned him over to the Moro National Liberation Front.

An Iranian, a Pakistani, and two Jordanians, one of them a regional director of the International Islamic Relief Organization (IIRO) had been arrested in Zamboanga and later released by the military for their alleged links to the Abu Sayyaf.

Defense and military officials later belied reports that foreigners have been linked to the Abu Sayyaf. They said those arrested were detained only because they were overstaying in the country.

During the meeting, Al Qaisi also informed Seguis that the Mukhabarat has been closely monitoring the "operational activities of certain Islamic groups not only in this region (Middle East) but also in Asia, including the Philippines."

The sources said Al Qaisi told Seguis that the intelligence cooperation between the two countries, would be "timely," considering the recent surge of Islamic extremism not only in Jordan but also in the Philippines, particularly in Mindanao.

The sources said that before the meeting ended, Al Qaisi called in his two deputies, a Gen. Buttikhi and Col. Saad Kheir, the chief of the intelligence department's chief operations branch.

The officials disclosed to Seguis that an "Islamic relief agency operating in RP reportedly headed by one Mohd Jammal Khalif is coordinating the activities of certain Muslim groups in Mindanao," the sources said, quoting the report.

The report did not name the agency, but the sources believed that it referred to the Saudi-based IIRO which also has offices in Mecca and Jeddah.

The IIRO is one of the operating arms of the World Muslim League, a nongovernment organization of Muslims also based in Saudi Arabia.

Abu Sayyaf Said To Continue To Hold Priest

BK0108113994 Manila PHILIPPINE DAILY INQUIRER in English 28 Jul 94 pp 1, 10

[By Rolly San Juan, J. Feliciano, Carol Arguillas, and Li-an F. de la Cruz]

[Text] Zamboanga City—Fr. Cirilo Nacorda is still in the hands of the Abu Sayyaf, the Moro National Liberation Front [MNLF] said yesterday.

"We would like to apologize for this very unfortunate development," MNLF political officer Mahudami Alhabzi Hassan told reporters here.

He was referring to statements by MNLF spokesman Zain Jali Tuesday that the Abu Sayyaf turned over Nacorda, 36, to MNLF Commander Jan Jakilan at an MNLF camp in Tipo-tipo, Basilan last Sunday for the priest's eventual release to the military.

"We found out that the information is not confirmed, that Father Nacorda as of the present time is still in the hands of his abductors," said Hassan, a member of the joint government-MNLF committee supervising a cease-fire in Mindanao.

"We would like to assure our military counterparts, especially the members of the joint cease-fire committee that if ever Father Nacorda is in the hands of the MNLF, without any reservation and hesitancy, we will immediately return him to them," he added.

In Jeddah, Saudi Arabia, MNLF Chair Nur Misuari voiced surprise over the reported turnover of the kidnapped Roman Catholic priest.

"I have no information about what's happening there," Misuari told the INQUIRER in a telephone interview, adding that he would have to check the report with his men.

Jali himself took back his words. "I am sorry for that (false news), but I am not solely to be blamed. Even the Southern Command [Southcom] should also be blamed for giving the information in Manila."

On Tuesday, Camp Crame received a sketchy report from Southcom Headquarters in Zamboanga that Nacorda had been released to the MNLF. Reporters sought out Jali, who confirmed the report.

Lt. Gen. Orlando Soriano, Southcom chief, said his command was still verifying the report.

"There are reports he was turned over to the MNLF," Soriano said. "The report is still being further checked."

But in a statement yesterday, the MNLF said Jali's report was untrue and the result of a "miscommunication."

In Malacanang [presidential office], President Ramos also denied Nacorda's release to the MNLF, citing the reports of Defense Secretary Renato de Villa and Local Government Secretary Rafael Alunan III.

But Mr. Ramos said he was optimistic that Nacorda would be released soon. "We are still optimistic that there will be positive developments in the next few days."

Nacorda is on the 51st day of his captivity today. He was seized in Isabela, Basilan, on 8 June, along with over 70 other people. Fifteen of his fellow Christian hostages were massacred; 20 others were released after government negotiators paid a P200,000 [Philippine pesos] ransom.

Military assaults on Abu Sayyaf hideouts in the forested interior of Basilan failed to rescue him, although he survived the air strikes and naval bombardment.

The latest batch of government negotiators seeking Nacorda's freedom abandoned talks with the Abu Sayyaf after the latter insisted on its demand for a P3 million ransom.

Both government and church officials have ruled out the payment of ransom for the hostage.

Several vigilante groups have threatened to launch attacks on Muslims in reprisal for Christians killed or kidnapped by the Abu Sayyaf.

One such group, the Basilan Anti-Lawless Elements led by a Commander Jun Kilawin, has given the Abu Sayyaf until 4 August to release Nacorda.

Kilawin said his group would kidnap relatives of Nacorda's captors, including the wife of Abu Sayyaf leader Abubakar Janjalani, and bomb Muslim establishments in Basilan.

Church leaders have also warned of Christian-Muslim hostilities as a result of Abu Sayyaf's terroristic activities.

But the MNLF cautioned concerned parties against fanning religious animosity.

"There is no reason for anybody to insinuate about a confrontation between Muslims and Christians," Hassan said. "We should not allow anybody to sow the seed of anarchy."

The MNLF has been holding formal peace talks with the government to implement Muslim autonomy and end a separatist conflict in Southern Philippines.

The military has blamed the Abu Sayyaf for a spate of terroristic bombings and kidnappings in Mindanao. The extremists want to establish an Islamic state in the region. Many of its leaders are former MNLF guerrillas, but the MNLF leadership does not appear to have any influence over the group.

Also yesterday, government and private groups met with Southcom's Soriano to plan improving dreary living conditions on Basilan to curb violence.

Three-quarters of the island's 250,000 residents are Muslim. There are virtually no roads and only a few schools. The island has only a 34-percent literacy rate, one of the lowest in the country. There are no doctors in five of the seven towns.

Mr. Ramos has earmarked P50 million for Basilan's development. The Army's engineering brigade is also helping construct roads and school buildings on the island.

Article Views Authority of MNLF Spokesman

BK0108125694 Manila PHILIPPINE DAILY INQUIRER in English 28 Jul 94 pp 1, 10

[Article by Carolyn Arguillas, Rolly San Juan, and Charlie Senase]

[Text] Zamboanga City—Who is Ustadz Sharif Zain Jali? Does he really speak for the Moro National Liberation Front [MNLF]? If he does, should we believe everything he says?

A day after he confirmed an unverified military report that the Abu Sayyaf had turned over Fr. Cirilo Nacorda to the MNLF, Jali said the MNLF Basilan Command denied the priest was with them.

That should have ended the confusion. But Jali, described as "MNLF spokesman," is now talking about a group sabotaging efforts to secure Nacorda's release.

He said the priest should have been turned over to MNLF'S custody in Tipo-tipo town last Sunday, were it not for "a certain group who is out to sabotage the MNLF and the peace process it is undertaking with the Philippine Government."

Now, what do you make of that?

"I was already very happy about the new development and so was Chair Nur Misuari who, when interviewed by media people from Saudi Arabia, expressed that Nacorda is as good as free because he is already in MNLF hands," Jali said.

But in a telephone interview, Misuari told the INQUIRER that he had "no information about what's happening there."

Jali said he would not have issued a confirmation of Nacorda's reported transfer to the MNLF, but that newsmen from Manila and Zamboanga wanted him to verify the report which came from the AFP [Armed Forces of the Philippines] Southern Command.

And since the MNLF "is already in the picture," he said, he asked the MNLF command in Basilan to "get involved in the negotiations for the priest's release without ransom."

"I believe without the MNLF's intervention, the negotiation would fail," Jali said.

So he is now saying that he has asked the MNLF Basilan Command to secure Nacorda's release, which is quite different from reporting that the MNLF has taken custody of the priest.

He doesn't stop there. He goes on to say that the MNLF "would be forced to use force if the (Abu Sayyaf) would keep the priest for a longer period."

Is this a new MNLF policy toward the Abu Sayyaf? We asked Misuari in Jeddah, and he said: "I don't know anything about that (MNLF to use force against Abu Sayyaf)."

Days after American linguist Charles Walton was turned over by the Abu Sayyaf to the MNLF in December 1993, President Ramos challenged the MNLF to "discipline" the Abu Sayyaf.

But Misuari told the INQUIRER then that "the MNLF and the Abu Sayyaf are Muslims and we can't shed each other's blood."

He said the MNLF, after it succeeded in persuading the Abu Sayyaf to release Walton peacefully, "will not act as if (it were) betraying the Abu Sayyaf.

Jali's threat to use force against the Abu Sayyaf is not the only controversial statement he has issued as MNLF "spokesman."

On 8 July, he announced that the MNLF would no longer allow the military to operate against the Abu Sayyaf in MNLF-controlled territories in Sulu and Basilan.

On 22 July, he suggested that Christians and Muslims in Basilan raise the P3 million ransom being demanded by the Abu Sayyaf, saying that the extremists were likely to kill Nacorda if they did not get the money.

Still, he is the MNLF spokesman, and media will have to take his word as the official pronouncement or stand of the rebel group.

Jali, lean and handsome at 52, has been teaching Islamic law at the state-owned Western Mindanao State University since 1980, when he returned to the country after a 15-year stay in Egypt.

Jali studied elementary in Curuan, 50 km. east of Zamboanga City. He left for Egypt in 1965 to study high school and college.

He met his wife, Egyptian Siham Saad Saleh, in 1975, "when I was still driver of Chair Misuari (in Egypt) and I was then a sympathizer of the MNLF."

He was named MNLF spokesman in September 1986 when then President Corazon Aquino met with Misuari in Jolo. But during the first round of formal peace negotiations between the government and the MNLF in Jakarta last October, Jali's name was listed as "Ustadz Habib Zain Jali" and his designation was "Chief Consultant on Islamic Shariah and Chief Civilian Relations Office, MNLF."

Jali brokered Misuari's marriage to his third wife Tarhata Ibrahim, 20, in February. He told the INQUIRER then that he and the Ulamas were convinced Misuari should marry because "we want Nur to be a stable leader. You cannot stabilize a man, his thinking, if he's not satisfied sexually. The Prophet said sexual intercourse cleanses the heart for both husband and wife."

Yesterday, Jali said he last spoke with Misuari in May, shortly before Misuari left for Saudi Arabia.

With Misuari thousands of miles away, one wonders where Jali gets his authority to speak on behalf of the MNLF. If he is authorized to speak for the MNLF, how come Misuari does "not know what is happening" here?

Asked who is authorized in the country to speak on his behalf, Misuari told INQUIRER: "I don't know. There are so many people there."

Pressed further, Misuari said "you can try Muslimin Sema," who is based in Dinaig, Maguindanao and is the acting MNLF secretary general and deputy head of the MNLF negotiating panel.

But INQUIRER sources in Cotabato said Sema was often in Manila.

Official Reports Budget Surplus

BK0108112894 Manila PHILIPPINE DAILY INQUIRER in English 28 Jul 94 pp 18, 19

[Text] Revenues overran expenditures in the first half of this year, leading to a budget surplus of P11.6 billion [Philippine pesos] for the national government, Finance Secretary Roberto F. de Ocampo reported yesterday.

He attributed the surplus to improvements in the revenue collections of the Bureaus of Internal Revenue and Customs during the period.

De Ocampo yesterday reported that revenue collections for the first six months of the year rose 30 percent to P162.7 billion from last year's level.

He said BIR [Bureau of Internal Revenue] collections rose 28 percent to P134.1 billion while BOC [Bureau of Customs] collections jumped 10.2 percent to P93.4 billion over last year's levels.

The surplus was also boosted by the P10 billion windfall gains from the government's privatization program. Also, fees and charges collected by government agencies reached a significant P7.3 billion.

Expenditures of the national government totalled P151.1 billion.

The government has been experiencing annual budget deficits since 1972. Its inability to raise enough funds for its expenditures has been one of the major impediments to growth.

This year, Congress passed several new tax measures to boost its revenue collection.

At the heart of these measures is the expanded coverage of the value-added tax [VAT] which has been met by nationwide protests. Its implementation has been temporarily suspended by the Supreme Court due to cases filed against it.

The government hopes to have a budget surplus of at least P15.5 billion next year. However, De Ocampo said crucial to achieving this surplus is the implementation of the expanded VAT which will raise some P8 billion in additional revenues in 1995.

'Invisible Remittances' Grow 15 Percent

BK0108112494 Manila BUSINESS WORLD in English 27 Jul 94 pp 1, 6

[Text] Monetary authorities have noted a marked increase in the volume of export proceeds being channeled through banks' foreign currency deposit units (FCDUs).

A senior Bangko Sentral ng Pilipinas [Central Bank of the Philippines] (BSP) official yesterday told BUSINESS WORLD the bullish trend reaffirms continuing expectations arising from the policy relaxation on foreign exchange regulations. Specifically, exporters were allowed to retain 100 percent of their foreign exchange receipts as part of the foreign exchange liberalization package initiated by former Central Bank Governor Jose L. Cuisia, Jr. in 1991.

BSP Figures

Bangko Sentral figures for the first quarter show "invisible remittances" climbed by 15 percent to $2.209 billion (about P [pesos] 59.6 billion), from $1.99 billion the previous quarter, and the year-ago level of $1.921 billion.

The bulk or 26.6 percent, was due to higher inflows from withdrawals in pesos of foreign currency deposits amounting to $589 million, 17.49 percent higher than the year-ago level of $482 million during the fourth quarter last year. Compared with the year-ago level, this represents a 21 percent uptick from $486 million.

While the uptick may be deemed consistent with the country's export performance—which doubled the growth during the year-ago level or 17.8 percent to $2.916 billion—this cannot be seen as an accurate indicator of growth.

Earlier Bankers Association of the Philippines (BAP) and PCI [Philippine Commercial International] Bank President Rafael B. Buenaventura said that when exporters convert their pesos into dollars, these are also being declared as part of "invisible remittances."

Also, monetary authorities have no means of distinguishing foreign currency withdrawals between exporters and non-exporters.

The value of export shipments and foreign currency withdrawals are also taken as one entry in reporting balance-of-payments inflows.

Invisible payments, on the other hand, also rose by 24.7 percent bolstered by higher outlays for other transportation, freight, and merchandise insurance and other services.

The BAP has recently joined hands with the Philippine Exporters Confederation, Inc. (Philexport) to conduct an intensive information campaign or wider exporters' access to FCDU loans to cushion them from wild foreign exchange swings.

Eximbank

In a related development, Bangko Sentral Governor Gabriel C. Singson yesterday said exporters would still need to go through the rigorous process of applying for a commercial banking license with their proposed creation of an export-import bank (Eximbank) envisioned to lend at subsidized rates to local exporters.

He said the proposed Eximbank "cannot be created by a special law with a special charter" because such will only apply to government- owned-and-controlled corporations which are majority owned by government.

"If it will be organized as a private corporation with government infusion, government will have to take a minority interest," he explained.

Thailand

U.S. Envoy Urged To Waive Immunity

BK2907130694 Bangkok SIAM RAT in Thai 29 Jul 94 p 6

["Half Serious" Column by "Thahan Kao"]

[Excerpts] A historic criminal case is taking place in Thailand. That is, former minister Watthana Atsawahem, an MP from Samut Prakan Province and deputy leader of the Chat Thai Party in the opposition wing, has initiated legal action against the U.S. ambassador as the first defendant and director of the U.S. Information Service [USIS] as the second defendant on libel charges. The case is now in the hands of the criminal court, which will start its related proceedings in August.

This is an uneasy issue because it concerns protocol matters between Thailand and the United States, which have diplomatic ties with one another. The foreigner-defendants are representatives of a foreign government. That is, it depends on whether the U.S. Government will invoke diplomatic immunity to protect the defendants. This legal case is unprecedented, and therefore a problem.

Many Thais are interested in this issue. This is because the U.S. ambassador and the USIS director have conspired to release information that appears to be in a form of a U.S. Government statement accusing and defaming a national-level Thai politician. The politician concerned wants to prove his innocence so he has to go to court (both in Thailand and the United States) for a final verdict. As the first step, he has sought justice from the Thai courts to prove his innocence. [passage omitted]

I wish to appeal to the ambassador of the United States, a truly democratic country whose government and people enjoy freedom and human rights in accordance with the UN charter and where justice permeates its materially- and spiritually-rich society, to courageously accept the suggestion of a Thai legal specialist to waive his diplomatic immunity to prove in court whether the U.S government, through its legitimate representative, has defamed Thai people and Thailand.

I do not want the U.S. Government representative to invoke diplomatic immunity and use the superpower status of his country and associated privileges to make accusations against another country when that country is an ally of the U.S, such as Thailand, in the manner that he has done. His action has dissatisfied a majority of Thais. It is apparent that it is the intention of the U.S. Government to undermine bilateral relations, not promote them.

The current U.S. ambassador should be courageous enough to face the facts, if he is sincere toward Thailand and the Thai people. He should be the first U.S. envoy to create diplomatic history in Thailand.

Practically every Thai wants to the U.S. envoy's unfair and libelous allegations to be proven in court. His action and accusations have caused national-level politicians and Thais at various levels to avoid exercising their right in applying for visas to the U.S for fear of being treated the same way several senior Thai politicians have been. Some Thai MP's, ministers, their wives and relatives dare not apply for visas at the U.S. embassy for fear of being accused of drug dealing.

Now that this historic case has been initiated to preserve the honor of Thailand and the Thai people, I appeal to the U.S. ambassador to honorably waive his diplomatic immunity to defend himself in the Thai court in order to maintain his personal good name and eternal friendly relations between his country and Thailand.

Please do not invoke diplomatic immunity to destroy the Thai people's friendship and spirit.

I appeal to the ambassador to honor the Thai court and Thai people.

U.S.-Japan Conflicts May Benefit Thai Exports

BK0208082394 Bangkok THE NATION in English 2 Aug 94 p B2

[Text] The trade conflict between the United States of America and Japan may benefit Thailand, Commerce Minister Uthai Phimchaichon said yesterday.

If the U.S. and Japan fail to resolve outstanding trade issues and the U.S. finally decides to impose trade sanctions on Japan, Thai exports to the U.S. of the products hit by those sanctions may increase, he said. But another official commented that Thailand is not competitive in the same product categories as Japan.

"We don't have international trade problems with any country, so it is good for us," Uthai said. He warned that unilateral U.S. measures could be applied to other countries too, however.

Prayun Taloengsi, executive director of Thailand's Board of Trade, said the U.S. has not made a decision about possible sanctions against Japan yet.

Even if they do, he said, it may have neither a good nor a bad impact on Thailand since it is an issue between the two countries.

Prayun did not think Thailand would benefit from higher exports to the U.S. if it bans Japanese products because Thailand does not have telecommunications and medical equipment like Japan has. These items are central to the conflict. Thailand's exports to the U.S. are not in the same categories as Japan's.

"Maybe they will come to a compromise as it is still 60 days before the U.S. is to make a decision," he said.

Technical Partnership With Japan Agreed Upon

BK0208082094 Bangkok Radio Thailand Network in English 0000 GMT 2 Aug 94

[Text] The Governments of Japan and Thailand have agreed on the Japan-Thailand Partnership Program in Technical Cooperation.

Minister to the Prime Minister's Office Colonel Chinnawut Sunthonsima has been in Tokyo to sign the records of discussion of the program with Japanese Parliamentary Vice Foreign Minister Hakuo Yanogisawa.

Japan Information Service says the Japan-Thailand Partnership Program in Technical Cooperation sets the framework for the joint technical cooperation between Japan and Thailand by means of effective combination of their human resources, technologies, and funds. He says the Japan-Thailand partnership program will include the transfer of appropriate technologies to Thailand.

Cambodia Urged To Investigate Alleged Plotters

BK0208054394 Bangkok Radio Thailand Network in English 0000 GMT 2 Aug 94

[Text] The Ministry of Foreign Affairs has urged Cambodian Government to accelerate the investigation of the 14 Thais arrested in connection with the failed coup in Phnom Penh last month.

Deputy Foreign Minister Surin Phitsuwan says Cambodian Ambassador to Thailand His Excellency Roland Eng was earlier summoned to the ministry and asked about progress of the investigation. He says upon completion of the investigation process those who are found innocent should be released immediately. Mr. Surin says the ministry will consult with all those involved the idea of entrusting a lawyer to help in legal matters for the 14 Thais. He says Thailand has pledged full cooperation in the investigation process.

The Ministry of Foreign Affairs earlier submitted an aid memoir to the Cambodian Government calling on Cambodia to guarantee the safety and living conditions of the 14 Thais detained in that country.

Reportage on Khmer Rouge, Cambodia Issue

KR Use of Thai Territory Denied

BK2907135994 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Jul 94

[Text] The Army has held a news conference to deny the reported use of Thai territory by Khmer Rouge soldiers to set up artillery pieces to shell Phnom Penh government soldiers. Referring to a press report that cited foreign sources that said on 25 July Khmer Rouge soldiers sneaked across the border to set up artillery pieces in Ban Nong Ian, Aranyaprathet District, Sakaeo Province with the approval of Col. Sonthaya Sapsakun, Army Spokesman Colonel Phalangkun Klahan rejected the report as false. He said the report has caused considerable damage to the country. He said the area in question was in fact a checkpoint which was strictly manned. Col. Sonthaya also asserted that he has never been approached by the Khmer Rouge on the matter.

Chuan Cooperation Requested

BK3007140894 Bangkok THE NATION in English 30 Jul 94 p A2

[Text] A request by Cambodia for cooperation with its decision to outlaw the Khmer Rouge [KR] is being forwarded by the Foreign Ministry to Prime Minister Chuan Likphai, said Sarot Chawanawirat, deputy permanent secretary for foreign affairs.

Sarot yesterday said the government is expected to set up a working committee to study measures Thailand could take to comply with the new Cambodian law outlawing the Khmer Rouge.

"Thailand is ready to cooperate with Cambodian authorities concerning the legislation. The working committee will consider the matter," he said.

Cambodia's foreign minister, Prince Norodom Sirivut, who attended the Asean meeting in Bangkok last week, submitted a letter to Chuan through Foreign Minister Prasong Sunsiri, asking cooperation in outlawing the guerrillas.

Cambodian lawmakers approved the law earlier this month, and had National Assembly Chairman Chea Sim sign it after King Norodom Sihanouk refused to do so.

Under the law, the Khmer Rouge faces severe suppression and jail terms ranging from 20-30 years.

The law provides for a six-month amnesty for them to surrender to the government, otherwise their assets and accounts would be frozen. The letter was also sent to other 17 signatory countries of the Paris peace accords.

An informed source said the letter did not state clearly what measures the Cambodian authorities require the Thai side to implement.

"The letter mentions in general that the law that outlaws the Khmer Rouge is already adopted by the National Assembly, and seeks cooperation for its enforcement," said the source.

Prasong had said Thailand, as a neighbouring country, is ready to cooperate with the Cambodian law, but such cooperation would be based on Thai laws.

Thailand has been charged with continued support for the Khmer Rouge, and critics claim with such help the guerrillas could continue resistance against the legitimate government.

Cambodia has sought military support, particularly military equipment, from many countries, claiming that the country is in urgent need of them to end the fighting with the Khmer Rouge.

Investment in Cambodia Affected

BK0108112794 Bangkok THE NATION in English 1 Aug 94 p A6

[Editorial: "Spectre of Algeria Arises in Cambodia"]

[Text] With their bloody ambush of a train in southern Cambodia and the capture of three Western tourists, the Khmer Rouge [KR] have intensified the political standoff in Cambodia to an alarming level. The guerrillas, who were ordered out of their office in Phnom Penh last month and then outlawed after a break down in peace talks; seem intent on demonstrating that if the Phnom Penh government can't rule with them, it is going to do its best to make sure they can't rule without them.

Friday's abductions brought to nine the number of foreigners who either have been kidnapped or gone missing in recent months. It also came shortly after officials investigating the fate of another three young foreigners kidnapped earlier this year determined they had been killed.

Country Held Hostage

As of yesterday, indications were that the young Australian, French and British travellers were still alive but the Khmer Rouge guerrillas holding them are demanding $50,000 in gold for their release. The situation is a difficult one for Phnom Penh and the hostages' governments. For it is not just the three young travellers who are being held hostage but the-whole country. Whether or not the ransoms are paid it seems as if more kidnappings are likely to happen.

In many minds is the fear of a situation arising similar to the one that has gripped Algeria where a Muslim fundamentalist terror campaign targetting foreigners has ruined the economy and destabilized the government. The kidnappings in Cambodia are similarly aimed at hurting foreign investment, which is already reeling from serious concerns about security.

The government estimates the earlier kidnappings cost Cambodia between $50 million and $100 million in new investment. More bad news is only likely to further damage the prospects for rebuilding Cambodia.

The spate of kidnappings in the south has been matched by a Khmer Rouge campaign in the northwest of the country to disrupt aid, demining and development work. The Khmer Rouge realize that their movement lives on the poverty of the local population and the festering resentment against the often brutal and corrupt government forces that occupy most of the country.

Call for Military Aid

In response to the Khmer Rouge attacks, Phnom Penh has reiterated its call to the international community to provide more military aid to Cambodia.

The United States, along with Australia, France and some Asean countries have expressed willingness to consider stepping up military support but they have all demanded—correctly—that reform of the Cambodian army must come first.

Cambodia is not short of weapons. As anybody travelling through the countryside can attest, the array of weapons pointed at them by government soldiers demanding money suggests that the bigger problem is discipline.

Thailand has called for more economic and humanitarian aid on the principle that the insurgency problem can be defeated if the lives of the local people are improved.

But this argument places the cart before the horse. No development can take place until the security situation in Cambodia improves. For every million dollars spent to build a bridge, the Khmer Rouge only has to spend a few riel on a mine to blow it up.

The first thing Phnom Penh must do is recognise that its army, with its tens of thousands of phantom soldiers and 2,000 fully paid-up generals needs a complete overhaul. The current army is so corrupt that any new arms supplies are likely only to boost the strength of the Khmer Rouge's weapons stocks.

Three billion dollars in aid and a UN-sponsored election later, Cambodia still needs the world's help. But first it must begin to help itself. And that can only begin with some tough decisions being made in Phnom Penh.

Board Urges Ratification of Biological Treaty

BK0108104094 Bangkok BANGKOK POST in English 1 Aug 94 p 10

[Text] The National Environment Board will push for ratification of the Treaty on Biological Diversity, although academics and lawyers are unsure whether Thailand will lose or gain from the move.

The treaty was signed by 167 countries including Thailand during the Earth Summit in Rio de Janeiro, Brazil, in June 1992 and came into force at the end of last year.

More than 50 countries have ratified the convention but Thailand is still unsure about the document.

The National Environment Board, chaired by the prime minister on March 30, agreed Thailand should ratify the treaty and would submit the meeting's result to the Cabinet for final approval "soon".

However, Chareon Khamphiraphap of the Environment Law Centre said, after studying the treaty, that he considered the aim of the convention was to use rather than preserve natural resources.

In the past, the state's sovereignty was the major barrier to outsiders who wanted to use another country's resources.

The treaty, according to Mr Chareon, is aimed at getting rid of this obstacle, opening the door for developed countries to benefit from others' resources without any guilt.

The treaty's ratification would increase Thailand's dependence on others' advanced biotechnology and reduce its sovereignty, he said.

Developing countries were lured by offers of financial help to commit themselves to the convention without clearly understanding where the money would come from, he said.

Technology transfers, one of the subsidiary services mentioned in the treaty, were influenced by patents and other intellectual property rights and would be difficult to implement, he said.

He said people authorised to consider the issue must be knowledgeable in biological diversity and legal aspects to ensure the country's interests were protected.

"Don't think that national natural resources belong to any particular ministry. Stop risking the country's faith by ratifying the convention when a clear perception has yet to be reached," he said.

Suphawit Piamphongsan of the Environment Policy and Planning Office voiced a contrasting view, saying the country would lose benefits if ratification was postponed.

He said the treaty could be considered the framework of biodiversity conservation. The convention also solved a funding shortage among developing countries which had abundant resources but did not have enough money to preserve them.

However, he accepts there are some loopholes in the treaty.

Articles 15 and 16, which focus on access to genetic resources and technology transfers, would face the intellectual property rights problems.

He said almost 70 per cent of the nation's genetic resources had been taken out of the country and it should not be over-concerned that other countries would benefit from its existing resources.

Dai-cha Siriphattra, director of technology for rural and ecological enrichment, said that Thailand, instead of underestimating itself, should realise that its biodiversity is richer than in many countries such as the United States and Australia.

"We always wait for donations from other countries without the knowledge that we have the most valuable resources in our land," he said.

He said the rights of farmers were not mentioned in the convention even though they were most-affected.

The Huai-Kha-Khaeng biodiversity research fund provided by the World Bank and the Global Environmental Facility was mostly spent on evacuating local people from the areas, according to Mr Dai-cha.

He said local people, who had access to the resources for centuries, should not be left out of society.

"We should not abide only by the beautiful words of the treaty but must look deeply into the real core of society. The public should have more say on the issue since it concerns the national interest," he said.

Lao Official on Mekong Diversion Project

BK0208101494 Bangkok THE NATION in English 2 Aug 94 p A5

[By Wichit Chaitrong]

[Text] The Kong-Chi-Mun water diversion scheme in the Northeast could harm countries downstream, on the Lower Mekong River, by sharply reducing water levels, according to an official of the Lao National Mekong Committee in Vientiane.

Speaking on condition of anonymity, the official called on Thailand to comply with the committee's general agreement on the use of the Mekong River.

He said that prior consultation with other Mekong riparian countries is needed before the implementation of any water development projects on the river.

The Kong-Chi-Mun scheme has been proposed by the Department of Energy Promotion and Development to provide irrigation for the drought-ridden Northeast.

Water would be pumped from the Mekong somewhere near Nong Khai Province, on the Thai side, and diverted into the Chi and Mun rivers and their tributaries for irrigation.

The first phase of the project, covering construction of dams along the Chi and Mun and tributaries, is nearing completion in Sisaket province.

The Rasri Salai Dam has been built across the Mun River, while work continues on the Hua Na weir.

The second phase of the project still awaits Cabinet approval and the agreement of the Mekong Committee, which consists of four member states: Thailand, Cambodia, Laos and Vietnam.

The second phase will divert water directly from the Mekong.

In Thailand, the Kong-Chi-Mun scheme has been strongly criticized by environmentalists for lacking an environmental impact assessment (EIA). An EIA is being carried out retrospectively, and the findings will be presented to the National Environment Board to justify the project, according to staff of the Bangkok-based Project for Ecological Recovery.

The senior official expressed the Lao Mekong Committee's concern that the project will use up to half the water along a certain section of the Mekong near Thailand's Nong Khai Province. He said the consequence will be particularly serious in the dry season.

"The Kong-Chi-Mun project will pump about 300 cubic metres of water per second, but in the dry season, at that point in the Mekong, the flow of the water is only 700 cubic metres per second," he said.

"The water diversion scheme will seriously affect Lao navigation from Luang Prabang to Vientiane and Vientiane to Savannakhet.

In Laos, water transportation is significant for both goods shipments in the rainy season and for Lao commuters."

The official said the problem can be even more serious if the water level drops lower, as it occasionally does.

"Some years, the water volume in the Mekong can drop lower than 700 cubic metres in the dry season."

The Laotian official questioned whether the Kong-Chi-Mun scheme might be designed partly to help supply water for the Pak Mun Dam, in case the dam suffers from insufficient water supply in the future.

Vietnam and Cambodia will also be affected by the water diversion scheme, he told THE NATION.

"The Mekong Delta in Vietnam will suffer saline intrusion, resulting in the reduction of suitable land for rice farming.

Tonle Sap Lake in Cambodia will also lack seasonal water supply from the Mekong in the dry season," he speculated.

Vietnam

Indonesian Parliament Delegation Visits

BK2907161294 Hanoi VNA in English 1344 GMT 29 Jul 94

[Text] Hanoi VNA July 29—A delegation of the Indonesian parliament led by deputy president of the Inter-parliamental Cooperation Commission, and member of the External Relations Commission of the Indonesian Parliament, Mr. A. R. Damhaj, has paid a 3-day working visit to Vietnam.

While here, the Indonesian delegation paid a floral tribute to President Ho Chi Minh at his mausoleum. It had working sessions with Mr Vu Mao, member of the Vietnamese External Relations Commission and head of the National Assembly office. The two sides exchanged views on the issues of common concern and informed each other of activities of the two legislatures. They said they hoped that the friendship and cooperation between the two bodies and the people of Vietnam and Indonesia would be further strengthened and developed.

The Indonesian delegation was received by Vice Chairman of the National Assembly Phung Van Tuu.

Broadcasting Delegation Visits Laos

BK0208080594 Hanoi VNA in English 0712 GMT 2 Aug 94

[Text] Hanoi VNA August 2—A delegation from the national radio 'Voice of Vietnam' (VOV), led by its deputy general director Mai Thu Long, paid a working visit to Laos from July 24-30.

While there, the Vietnamese delegation held talks with a delegation of the Ministry of Information and Culture led by Vice Minister Bounteng Vongsai during which they discussed the bilateral cooperation and assistance between VOV and the national radio of Laos.

The two sides signed on July 30 documents on cooperation in broadcasting between the two national radios for 1994-95.

The VOV delegation was received on separate by Mr Thongsing Thamavong, politburo member and head of the Commission for Organization of the Lao People's Revolutionary Party Central Committee, and Mr Osakan Thammatheva, minister of the information and culture. [sentence as received]

Assembly Delegation Visits Argentina, Chile

BK0208080294 Hanoi VNA in English 0706 GMT 2 Aug 94

[Text] Hanoi VNA August 2—A delegation of Vietnam's National Assembly [NA] paid official visits to Argentina and Chile from July 25-30 as guests of those countries' parliaments.

While in Chile, Mr Hoang Bich Son, head of the Vietnamese NA's Commission for External Relations and head of the delegation, was received by Gabriel Valdes, president of the Senate, and Ricardo Nunez, vice president of the Senate. He had working sessions with Jose Insunza, deputy foreign minister.

In Argentine, Mr Hoang Bich Son was received by Jorge Solana, vice president of the Senate. He also had working sessions with Florencio Azenolaza, chairman of the Commission for External Relations of the House of Representatives and Daniel Castrucio, deputy minister for foreign affairs.

During those meetings, hosts expressed their profound sentiments to the late President Ho Chi Minh and Vietnamese people as well as their pleasure at the initial achievements recorded by the Vietnamese people in the current renovation process. They also spoke of their wishes for further cooperation between their countries and Vietnam.

Paper Calls for Effective Piracy Measures

BK2907144994 Hanoi QUAN DOI NHAN DAN in Vietnamese 9 Jul 94 p 7

[Article by Hoang Huan: "It Is Necessary for Vietnam to Adopt Effective Anti-Sea Piracy Measures"]

[Text] So far, sea piracy has become a hazard. Sea piracy incidents occur everywhere from Europe to Africa and Asia.... Southeast Asia (which includes Vietnam's eastern sea), particularly, is the world's most violent area. According to statistics released by Interpol, as far as this region is concerned, there were 140 cases of sea piracy in 1991, 145 cases in 1992, and as many as 150 cases in 1993. Pirates target the large number of freighters that crisscross on the high seas everyday. On the average, the criminals get between 15,000 and 20,000 dollars from each case.

With a coastline stretching more than 3,000 kilometers and a vast continental shelf and immense territorial waters, Vietnam also witnesses frequent cases of sea piracy. A look back at history indicates that as early as the Nguyen Dynasty, sea piracy incidents occurred repeatedly and left behind a trail of death and destruction for the inhabitants of coastal areas and merchant ships on the high seas. In a report submitted to the Hue Imperial Court on 8 July 1876 (the 29th year under the reign of King Tu Duc), Bui Vien wrote: "Once they are out there in the high seas, merchant ships often fall victim to sea piracy. If sea pirates intercept the cargo boats of the Hue Imperial Court, they seize gold and silver and allow the crew to sail back. If the victims are ordinary cargo boats, not only do they seize everything aboard but also kill the crew and set the boats ablaze which, in a flash, are reduced to ashes and buried deep at the bottom of the sea." Therefore, King Tu Duc ordered the formation of a "Sea Patrol Force" to deal with the enemy on the seas and appointed Bui Vien commander-in-chief of a sea transport and patrol force (a position equivalent to today's secretary of the Navy in charge of navigation and commerce).

In the open-door era, between 1992 and the first half of 1994 alone, sea piracy incidents occurred frequently in Vietnam's sea areas. A total of 60 serious sea piracy incidents took place in the Hai Phong-Quang Ninh and An Giang-Kien Giang sea areas in 1993. As far as the southern sea areas are concerned, many groups of armed foreign sea pirates have emerged and posed a threat to fishing activities and cargo transport operations. This is not to mention thousands of incidents involving armed foreign vessels that illegally intrude into our country's territorial waters to catch and take away thousands of tonnes of fish and other precious sea products. The time has come for us to adopt effective measures to check this crime on the seas. In the past, our fathers and forefathers made it. Therefore, we are certain that we will make it, too. Perhaps, the first step for the state to take is to work out an anti-sea piracy strategy and make arrangements for ocean-going vessel crew, nagivation personnel, and fishermen in coastal areas to undergo proper training. At the same time, plans must be worked out to set up special forces equipped with modern weapons and equipment to deal with sea pirates. Furthermore, we cannot "single-handedly" cope with sea pirates but should coordinate with regional countries and Interpol in this matter (it is to our advantage because Vietnam is also a member of Interpol). It is certain that we will succeed in coping with sea piracy and ensuring peace for our sea areas.

Police Officers Caught Trading Explosives

BK0108140694 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 1 Aug 94

[Text] According to a recent issue of LAO DONG [Labor], the Lai Chau Province market control post intercepted two vehicles belonging to the police of Phong Tho and Lao Cai which were transporting explosives illegally from Lao Cai to Phong Tho District.

Present in the first vehicle were Lieutenant Colonel Le Du, police chief of Phong Tho District; and three other police officers. In the car were 252 kilograms of explosives and 7,000 detonators. In the second car, 672 kilograms of TNT explosives were found.

The People's Organ of Control of Phong Tho District, Lai Chau Province started prosecuting the case in accordance with article No. 96 of the criminal code which stipulates a penalty for unlawful hoarding, use, and trading of explosives. The agency also decided to transfer the case to the Lai Chau provincial people's organ of control for further action.

Prime Minister Urges Support for Coal Reform

BK3107065294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Jul 94

[Text] Prime Minister Vo Van Kiet sent a letter on 27 July to the people, cadres, and retired party members and cadres in Quang Ninh Province which reads:

Quang Ninh is a large province in the northeast which leads the country in coal reserves. For many years, the people, cadres, and combatants of Quang Ninh have developed their revolutionary traditions and resolute determination in building and developing the coal industry, thus contributing significantly to national construction and protection.

However, besides the achievements, in recent years the coal industry has shown signs of a setback. There have been many organizations and individuals carrying out illegal exploitation and trading activities of coal. The situation has become extremely serious, as the state management function of ministries and sectors concerned has been neglected for a long time, resulting in damage to natural resources and the environment, and worsening public order and social safety. Production output of the coal industry has declined and living conditions of the people have been badly affected. It is reported that there have been cases of collapsed houses and lost lives, and the dangerous situation has resulted in a justifiable discontent among the people and cadres in Quang Ninh.

To restore order in the exploitation and trade of coal, the government has ordered administrative and economic measures. On behalf of the government, I earnestly urge the compatriots and comrades in the province to realize the short and long term bad effects of the current disorderly and unorganized situation of coal exploitation. I urge you to be thoroughly clear with government lines, support positively, and supervise closely the implementation of measures by the state management agencies and the administration at all levels.

North-South Power Grid Improves Production

BK3107090894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Jul 94

[Text] After two months of operation, the north-south 500- kilovolt power transmission system has transmitted from the Hoa Binh Hydroelectric Power Plant to Phu Lam [Power Station] in Ho Chi Minh City 193.731 million kilowatt-hours of electricity. The southern network received 166.820 million kilowatt-hours, that is, every day the amount of electricity transmitted from the north to the south reached from three to five million kilowatt-hours of electricity. The highest transmission capacity was 330 megawatts. Other figures also satisfied technical requirements.

In the early stages, the operation of the north-south 500-kilovolt electricity transmission system was not stable, but recently after the necessary adjustments were made, the reliability of the system has improved.

Despite large amounts of electricity transmitted to the south, the electricity production of the north still has adequate reserves. The Hoa Binh Hydroelectric Power Plant has used only seven out of its eight generator groups, and other power plants have not yet used up their capacity.

Australia

Canberra Said Not Facing Responsibilites

BK3007141994 Melbourne Radio Australia in English 0800 GMT 30 Jul 94

[Text] The Cook Islands says Australia is not facing up to its responsibilities in the South Pacific region. Speaking on the eve of a South Pacific Forum meeting in Brisbane, the Cook Islands' prime minister, Geoffrey Henry, said all Pacific island leaders shared his disappointment. South Pacific correspondent Erina Reddan reports:

[Begin Reddan recording] Geoffrey Henry says Australia has pointed out the faults in the Pacific, but it needs to talk about solutions. In a ministerial speech in June, Australia warned the Pacific that it has to improve economic performance and protect its environment. Australia wants island nations to come up with the solutions themselves at the latest summit opening this weekend. Geoffrey Henry says Australia should do more to transfer technology and help develop island economies. He says Australia has good intention but it's just not doing enough. [end recording]

Meanwhile, the Cook Islands has welcomed the proposal from the Melanesian Spearhead Group for visa-free access within South Pacific Forum countries. The prime minister, Sir Geoffrey Henry, says the proposal to be put to the forum summit in Brisbane by the Spearhead Group is excellent. Spearhead leaders last month decided to remove visa requirements for visits by citizens of the group's three member countries—Vanuatu, Solomon Islands, and Papua New Guinea. They also called on Australia and New Zealand to review their visa requirements for Pacific island citizens.

Government Offers To Accept Haitian Refugees

BK0208032594 Hong Kong AFP in English 0305 GMT 2 Aug 94

[Text] Sydney, August 2 (AFP)—Australia has offered to accept refugees from Haiti as the United States considers invading the tiny Caribbean nation to reimpose a democratic government there, officials in Canberra said Tuesday.

The offer was made as a flood of Haitians flee their homeland in the face of human rights violations by a repressive military junta and increasing deprivation caused by sanctions.

The United Nations has meanwhile cleared the way for a US-led invasion to restore to power the exiled former president Jean- Bertrand Aristide.

A spokeswoman for Immigration Minister Nick Bolkus said Canberra had held preliminary talks with the United States over the prospect of resettling a limited number of Haitians in a one-off allocation to be administered by Washington.

"But it all depends what happens between the United States and Haiti and events may overtake us if an invasion occurs," she said. "It may not be necessary."

No decision had been made about the number involved, but she said it would be hundreds, not thousands, and limited to people with prospects for successful resettlement, probably those with links to Australia or skills.

"There would be no point in bringing people here unless they could manage to make a life for themselves."

Any Haitian intake would be part of a refugee program which focuses mainly on the Middle East, Indochina and Yugoslavia.

Bolkus's spokeswoman confirmed a report here detailing an immigration department instruction to all Australian missions overseas concerning numbers and nationalities that would be accepted.

Under this program, 1,370 humanitarian entrants would be accepted from Indochina, 260 from Central and South America, 800 from Africa, 2,870 from the Middle East and 1,500 from Europe.

East Timorese living in Mozambique and Macao would also become eligible for entry under the special assistance category which had been extended to East Timorese living in Portugal.

Canberra announced recently that its humanitarian resettlement intake would be 13,000—the same number as for the previous year—out of a total immigration intake of 86,000.

Last year, Australia resettled more refugees and humanitarian entrants on a per capita basis than any other country.

More on Accepting Haitian Refugees

BK0208102194 Melbourne Radio Australia in English 0500 GMT 2 Aug 94

[Text] Australia says it may accept some refugees from Haiti.

The Australian Government has told the United States of its willingness to accept a small number of Haitian refugees. A spokeswoman for the immigration minister said there had been discussions about accepting Haitians who had the ability to settle in Australia. This could involve up to 100 Haitian refugees.

The spokeswoman said Australia was monitoring the humanitarian situation in the Caribbean country, which is currently under military rule. She said the refugee discussions had started before the United Nations gave the formal go-ahead for an invasion of Haiti.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.